Achieving transparency in pro-poor education incentives

Edited by
Muriel Poisson

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UNESCO

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Presentation of the series

Several studies conducted during the last 15 years have clearly emphasized the negative impact of corruption on the economic, social, and political development of countries. Corruption increases transaction costs, reduces the efficiency of public services, distorts the decision-making process, and undermines social values. These studies have also shown a strong correlation between corruption and poverty: statistical regressions suggest that an increase of US$4,400 in the per capita income of a country will improve its ranking on the index of corruption (international scale) by two points (Ades *et al.*, 1995). Moreover, it has been observed that corruption tends to contribute to the reinforcement of inequities by placing a disproportionate economic burden on the poor and limiting their access to public services.

As a consequence, fighting corruption has become a major concern for policy-makers and actors involved in development. In view of the decrease in international flows of aid and the more stringent conditions for the provision of aid – due to growing pressure on public resources within donor countries and the pressure exerted by tax payers on governments to increase transparency and accountability in resource management – it is now regarded as a major priority on the agendas of countries and international agencies of development cooperation. The Drafting Committee of the World Education Forum has expressed this concern in the following terms: 'Corruption is a major drain on the effective use of resources for education and should be drastically curbed'.[1]

A quick review of the literature shows that there have been a number of global and sectoral attempts to tackle the issue of corruption. In the social sector, for example, several studies have been conducted on corruption in relation to the provision of healthcare services. However, it appears the education sector has not received adequate attention from national education authorities and donors, despite the many grounds for assigning a particular priority to the challenge of combating corruption in education:

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1. UNESCO. 2000. Dakar Framework for Action. Education for All: Meeting our Collective Commitments. Adopted by the World Education Forum, Dakar, Senegal, 26–28 April 2000. Extended commentary on the Dakar Action Plan (para. 46).

- No public sector reform that aims at improving governance and limiting corruption phenomena can obtain significant results as long as the education sector is not properly addressed, given that in most countries it represents the first or second-largest public sector in both human and financial terms.
- Any attempt to improve the functioning of the education sector to increase access to quality education for all cannot prove successful if problems of corruption, which have severe implications for both efficiency in the use of resources, and quality of education and school performance, are not being properly dealt with.
- Lack of integrity and unethical behaviour within the education sector are inconsistent with one of the main purposes of education: to produce 'good citizens' respectful of the law, human rights, and fairness. It is also incompatible with any strategy that considers education as one of the principal means of fighting corruption.

In this context, IIEP launched a research project entitled 'Ethics and Corruption in Education'. Corruption is defined as the systematic use of public office for private benefit that results in a reduction in the quality or availability of public goods and services. The main objective of this project is to improve decision-making and the management of educational systems by integrating governance and corruption concerns into methodologies of planning and administration of education. More specifically, it seeks to develop methodological approaches for studying and addressing the issue of corruption in education and to collect and share information on the best approaches for promoting transparency, accountability, and integrity in the management of educational systems, in both developing and industrialized countries.

The project includes works on topics of relevance such as teacher behaviour, school financing, textbook production and distribution, and academic fraud. It also includes monographs on success stories in improving management and governance, as well as case studies that facilitate the development of methodologies for analysing transparency and integrity in education management.[2]

Within this framework, IIEP conducted a comparative study of different mechanisms of allocation of pro-poor educational incentives in order to determine which ones proved more and/or less successful

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2. An information platform, ETICO, has also been created within the framework of the project. It is available at: etico.iiep.unesco.org

in reaching their intended beneficiaries. It is based on the experiences of seven countries: Brazil, Cambodia, India, Peru, South Africa, the United States, and Viet Nam. The study shows that deliberate actions taken to face existing corruption risks are more valuable than adopted incentive models. Frequent and publicized reports, benchmarking, robust evaluation frameworks, and channels for active community participation are among the various solutions recommended to enhance the transparency and accountability of programmes.

IIEP is very grateful to all the contributors for their valuable insights and would like to thank them accordingly.

Jacques Hallak and Muriel Poisson

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List of abbreviations

ACESS   Alliance for Children's Entitlement to Social Security
ADB   Asian Development Bank
AI   Accountability Initiative
AIG   American International Group
ANNSSF   Amended National Norms and Standards for School Funding
ASER   Annual Status of Education Report
AusAID   Australian Agency for International Development
AWP   annual work plan
BDO   Block Development Officer
BEEO   Block Elementary Education Officer
BETT   Basic Education and Teacher Training
BOET   Bureau of Education and Training
BRC   Block Resource Centre
BRCC   Block Resource Centre Coordinator
CAB   Citizens Advice Bureau
CADER   *Comisión de Atención de Denuncias y Reclamos*
             (Commission in charge of Reports and Complaints)
CAE   *Conselho de Alimentação Escolar* (School Food Council)
CBO   community-based organizations
CCT   conditional cash transfer
CECANES   *Centros de Colaboração em Alimentação e Nutrição de Escolar*
             (Collaborating Centres in School Food and Nutrition)
CEO   Center for Economic Opportunity, Mayor's Office
CEO   Chief Executive Officer
CESSP   Cambodia Education Sector Support Project
CESSP-PT   CESSP Provincial Team
CGU   *Contraloria Geral da União* (General Comptroller of Union)
CIDA   Canadian International Development Agency
CLST   *Consejos Locales de Supervisión y Transparencia*
             (Local Councils of Supervision and Transparency)
CNST   *Consejo Nacional de Supervisión y Transparencia*
             (National Council of Supervision and Transparency)
CSF   Community Support Fund
CSP   CESSP Scholarship Programme
CST   CESSP Scholarship Team

DBE	Department of Basic Education
DC	District Collector
DCDS	District Community Development Specialists
DDO	Drawing and Disbursing Officer
DEED	*Diretoria de Estatísticas Educacionais* (Director of Education Statistics)
DEEO	District Elementary Education Officer
DEO	District Education Officer
DFA	District FSQL Audit/Development Funding Agreement
DFID	Department for International Development
DGE	Directorate General of Education
DISE	District Information System for Education
DM	District Magistrate
DMU	District Management Unit
DOE	District Office of Education
DoE	Department of Education
DOET	Department of Education and Training
DoSEL	Department of School Education and Literacy
DPC	District Project Coordinator
DPO	District Project Officer
DRE	*Dirección Regional de Educación* (Regional Direction of Education)
DSE	Department of Secondary Education
ECDoE	Eastern Cape Department of Education
EFA	Education for All
EIES	Exemplary Inclusive Education Services (Initiative)
EJA	*Ensino de Jovens e Adultos* (Youth and Adults Education)
ELA	English language acquisition
EMIS	educational management information system
ETR	external technical review
FAE	*Fundação de Apoio ao Estudante* (Student Support Foundation)
FII	FSQL Input Index
FMR	financial management review report
FNDE	*Fundo Nacional do Desenvolvimento da Educação* (National Fund for Education Development)
FSQL	fundamental school quality level
FY	financial year
GDE	Gauteng Department of Education

GED	General Education Development
GOI	Government of India
GOV	Government of Viet Nam
GP	Gram Panchayat
HDI	Human Development Index
HDI-M	Human Development Index per municipality
HSRC	Human Sciences Research Council
IBGE	*Instituto Brasileiro de Geografia e Estatística* (Brazilian Institute of Geography and Statistics)
ICB	international competitive bidding
IDA	international development assistance
IDB	Inter-American Development Bank
IDEB	*Índice de Desenvolvimento da Educação Básica* (Development Index of Basic Education)
IIEP	International Institute for Educational Planning
INEI	*Instituto Nacional de Estadística e Informática* (National Institute of Statistics and Information)
INEP	*Instituto Nacional de Estudos e Pesquisas Educacionais*
JFPR	Japanese Fund for Poverty Reduction
JICA	Japan International Cooperation Agency
LMCs	local management committees
LSS	lower secondary school
LTSM	learner and teacher support materials
MCLCP	*Mesa de Concertación de Lucha contra la Pobreza* (Roundtable to Fight Poverty)
MDGs	Millenium Development Goals
MDRC	Manpower Demonstration Research Corporation
MDTF	Multi-Donor Trust Fund
M&E	monitoring and evaluation
MEC	Member(s) of the Executive Council
MEC	*Ministério da Educação e Cultura* (Ministry of Education and Culture)
MEF	*Ministerio de Economía y Finanzas* (Ministry of Economics and Finance)
META	*Mejor Educación a través de más Tiempo en el Aula* (Better education by spending more time in classrooms)
MHRD	Ministry of Human Resource Development
MIMDES	*Ministerio de la Mujer y Desarrollo Social* (Ministry of Women and Social Development)

MINEDU   *Ministerio de Educación* (Ministry of Education)
MINSA   *Ministerio de Salud* (Ministry of Health)
MIS   management information system
MOET   Ministry of Education and Training
MoEYS   Ministry of Education Youth and Sport
MoP   Ministry of Planning
MP   *Ministério Público* (Federal Public Prosecutor)
MTEF   medium-term expenditure framework
MTR   mid-term review
NCPCR   National Commission for the Protection of Child Rights
NGO   non-governmental organization
NNSSF   National Norms and Standards for School Funding
NORAD   Norwegian Agency for Development
NPO   neighbourhood partner organization
NSD   National Scholarship Dialogue
NSP   National Scholarship Programme
NYC   New York City
OSI   Open Society Institute
PAB   Project Approval Board
PAISA   Planning, Allocations and Expenditure, Institutions:
          Studies in Accountability
PAP12   Royal Government of Cambodia's Priority Action Plan
PCM   *Presidencia del Consejo de Ministros*
          (Presidency of Ministries Council)
PCO   Project Coordination Office
PCU   Project Coordination Unit
PED   provincial education department/s
PEDC   Primary Education for Disadvantaged Children project
PEO   Provincial Education Office
PEP   Primary Education Project
PIRLS   Progress in International Reading Literacy Study
PNAE   *Programmea Nacional de Alimentação Escolar*
          (National School Feeding Programme)
POE   Provincial Office of Education
PPCU   Provincial Project Coordination Unit
PRI   Panchayati Raj Institution
PSAT   Preliminary Scholastic Assessment Test
PTA   parents and teachers' association

RCEE	Rajasthan Council for Elementary Education
RENIEC	*Registro Nacional de Identificacion y Estado Civil* (National Registry of Identity and Civil State)
RGC	Royal Government of Cambodia
RTE	Right to Education Act
SASA	South African Schools Act
SDG	school development grant
SDP	school development plan
Seedco	Structured Employment Economic Development Corporation
SGB	school governing body
SIAGIE	*Sistema de Información de Apoyo a la Gestión de la Institución Educativa* (Educational Management Information System)
SIS	*Seguro Integral de Salud* (Integral Health Insurance)
SIS	State Implementation Society
SISFOH	*Sistema de Focalización de Hogares* (Household Targeting System)
SMC	school management committee
SMG	school maintenance grant
SMIS	Scholarship Management Information System
SPO	State Project Office
SR	school readiness
SSA	*Sarva Shiksha Abhiyan*
StatsSA	Statistics South Africa
TA	teaching assistant
TCU	*Tribunal de Contas da União* (Federal Court of Audit)
TLM	teacher learning material
UC	utilization certificate
UGEL	*Unidad de Gestión Educativa Local* (Local Management Unit of Education)
UNICEF	United Nations Children's Fund
UPE	universal primary education
VLSS	Viet Nam Living Standards Survey
ZP	*Zilla Panchayat*

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Executive summary

How is it possible to best ensure that school funds allocated through pro-poor formulas, scholarships, conditional cash transfers, free school meals, and other methods actually reach their intended beneficiaries?

This book assumes that different models of design, targeting, and management of pro-poor incentives can prove more or less successful in maximizing efficiency, transparency, and accountability, and in minimizing the likelihood of errors, fraud, and corrupt practices. To make its case, it compares different models of educational incentives to determine which prove more or less successful in reaching their initial objectives. Each model is characterized using the following variables: (i) universal versus categorical targeting; (ii) conditional versus unconditional transfers; (iii) cash versus in-kind transfers; and (iv) top-down versus community-based approaches.

More specially, it reviews seven pro-poor educational incentive programmes on the basis of these different variables, namely: the quintile ranking system (South Africa), the CESSP Scholarship Programme (Cambodia), the universal Sarva Shiksha Abhiyan programme (India), the Primary Education for Disadvantaged Children programme (Viet Nam), the Opportunity NYC (New York City) programme (United States), the National School Feeding Programme (Brazil), and the Juntos programme (Peru). Each chapter analyses official programme documents and available studies and evaluation reports, and draws upon in-person interviews conducted for all the countries under review.

A synthesis report comparing the findings of each country case study is found at the beginning of the book. It shows that some models may pose greater challenges to transparency and accountability than others (i.e. targeted, in-kind, locally managed, or community-based). At the same time, these models may be the most adequate for local needs, especially if there are budget constraints, a vast and diverse territory, or demand for food at school. It further argues that deliberate actions taken to address corruption risks are of greater importance than adopted incentive models.

A wide variety of such actions are described in the book, including: simplified targeting; legal definition of responsibilities; benchmarking and robust evaluation frameworks; frequent and publicized reports; simple, straightforward, and auditable administration systems;

disclosure of programme resources; information of parents and students; appeals mechanisms; informal whistleblowing; social audits; among others. The creation of local transparency councils is also presented as a possible way to institutionalize the process of continuous programme monitoring and accountability, and to ensure greater adequacy in local contexts.

Within this framework the book reflects on the adequacy of different 'accountability systems'. It underlines the pertinence of top-down approaches in applying the concept of accountability with regard to weak capacity of local government, while at the same time bringing issues of upward accountability to the forefront. It concludes on the importance of 'mutual accountability systems', whereby all actors are mutually accountable and subject to checks and balances.

Introduction

Muriel Poisson

In meeting the Education For All (EFA) and Millennium Development Goals (MDGs), education authorities are faced with the major challenge of ensuring access for and retention of *all* children, regardless of their socioeconomic background, location, or gender. Educational access must be understood here to comprise access to affordable education at critical entry points in system cycles, as well as access to qualitative education services. Regardless of policies of inclusive access put in place and based on principles of universal admission, the situation of a significant proportion of children vis-à-vis schooling remains unfair. Despite the progress made during the first decade of the twenty-first century, 61 million children were still out of school in 2010, 53 per cent of which were girls (UNESCO, 2012). Moreover, millions of children leave school every year without having acquired basic skills. Achieving equal opportunities in education therefore remains a challenge for decision-makers and educational planners. Indeed, experience shows that 'more of the same' is an inadequate response to the requirements and circumstances of the poorest. There is a need, not only to introduce flexibility in standardized procedures and uniform provisions, but also to change the inherent attitudes of both service providers and their beneficiaries.

A wide variety of incentive programmes have been developed within this framework to help provide additional resources to those most in need, and to create adequate conditions for their schooling and academic success. These programmes aim at 'inducing institutions to behave in a particular way and individuals to choose a particular course of action desired by the agency that offers incentives' (Varghese, 2004). They attempt in particular to compensate the costs of schooling, both direct (e.g. school fees, uniforms, textbooks, and supplies) and indirect (e.g. opportunity costs where families cannot afford the loss of income or labour contribution) by redirecting resources to geographical areas, schools, or populations most in need. Programmes can vary widely from one context to the other; they can be inclusive and cover all vulnerable groups, or follow categorical schemes and target specific groups. As an illustration, they can consist of recruiting female teachers to attract more girls in rural areas; allocating financial incentives to teachers to reduce teacher absenteeism; distributing free food to children to encourage

school attendance; providing scholarships or school grants to increase student outcomes; among others. Some programmes are conditional on the children attending school or schools increasing pupil achievement; others are unconditional.

The capacity of such programmes to promote equal opportunities and change ingrained patterns of behaviour remains controversial. While some experts believe that they can successfully contribute to the achievement of EFA goals, others argue that their impact is limited due to a variety of factors. Hurrell (2009), for instance, emphasizes the potential problems of errors of inclusion (resources allocated to people outside the targeted population), as well as errors of exclusion (people who should be served by the programme but are not). Chêne (2010) highlights problems linked to unfair distribution of resources: poor allowances; failure to keep data or records up-to-date; slow and lengthy bureaucratic procedures; difficulties in accessing the most disadvantaged sites and groups; absence of adequate information strategies; untimely distribution of resources; poor monitoring and follow-up, and so on. Moreover, Stolk and Tesliuc (2010) stress the risks of fraud ('intentional behaviour on the part of the benefit claimant to defraud the benefit system, e.g. by making a false statement') and corrupt practices ('intentional attempt by staff to exploit the social protection system, e.g. by manipulating beneficiary rosters or diverting funds to ghost beneficiaries'). These may include falsification of data or records, collusion between administrative staff and beneficiaries, and capture of resources by the local elite, among others. Finally, in some cases positive incentives (e.g. money given on condition that a child attends school) can become negative (e.g. falsification of attendance records).

In this context, the pros and cons of various models of incentives (universal versus categorical targeting, cash versus in-kind transfers, top-down versus community-based approaches, etc.) are subject to debate. But in the absence of a comparative assessment of these different models, there is a lack of conclusive evidence as to whether some approaches are more likely than others to reach their set goals. This raises a number of questions for decision-makers and planners: How can the behavioural effects – both intended and non-intended – of pro-poor incentives be anticipated and monitored? How can the right incentives be created to ensure that these measures reach and fully benefit their target populations? How can the pervasive effects generated by such measures be addressed? Moreover, as emphasized by Kemmerer

and Windham (1997), the effective operation of an incentive system requires not only

> [an understanding of] the values and capacities of those whose behaviour they are attempting to influence [in order to] affect the individuals' motivation to change within the new rules or boundaries set by the programme, within which officials and clients interact, but also [the identification of] those forms of diversity which must be explicitly incorporated into the incentive structure and designed to fit local circumstances.

In this context, IIEP launched a study to compare different models of design, targeting, and management of educational incentives aimed at progressing towards EFA goals, in order to determine which ones proved more/less successful in reaching their initial objectives according to various contextual elements. The study focused on primary, lower, and upper secondary levels. The main purpose of the research was to examine ways of maximizing efficiency, transparency, and accountability in the management of incentives, and to minimize the likelihood of errors, fraud, and corrupt practices through the strategic mobilization of the major stakeholders involved. More specifically, it aimed at:

- mapping out both intended and non-intended behavioural effects induced by various incentives at different stages (e.g. targeting, institutional arrangements);
- documenting good practices in the management of education incentives that favour behaviour that will help progress towards poverty alleviation goals;
- identifying conditions for their success or failure through the comparative analysis of experiences conducted in different countries;
- formulating adequate proposals for improving educational policies aimed at progressing towards equal opportunities on this basis.

In order to better understand how education policy-makers can ensure greater transparency in the targeting and management of pro-poor incentives, IIEP identified exemplary and interesting cases for analysis. Seven pro-poor incentive programmes in education were selected according to several key variables identified empirically. These variables, seen as critical in influencing the degree of transparency and accountability of the programmes under analysis, are as follows:

- *focus of incentives:* beneficiary-focused vs. school-focused;
- *selection of programme population:* targeted vs. universal programme;

- *granting of incentives:* conditional vs. unconditional;
- *nature of incentives:* cash-based vs. in-kind;
- *mode of implementation:* centralized vs. decentralized.

Table I.1 lists the different programmes studied as part of the research scope, and the countries where they have been implemented. Each programme is characterized according to the research variables. Case studies were prepared on each of these programmes. Data collection involved the gathering of official programme documents and available studies and evaluation reports, as well as a series of in-person interviews. These interviews were based on a predefined questionnaire developed by IIEP. The pool of interviewees consisted mostly of government officials in charge of the programme, local programme implementers, directors of schools – either directly benefiting from the programme or whose students were entitled to do so – and students who were programme participants either directly or indirectly (i.e. through their school or through their family). About 30 interviews were carried out in each case study country.

Each country case study gathered information on expected and non-expected behavioural effects induced by a given incentive for each of the steps involved in its development: design, targeting, administrative procedures, information systems, control mechanisms, among others. More specifically, each case study explored the following elements: (i) description of the incentive set in place and its stated objectives; (ii) identification of the major steps and actors involved in its design and implementation; (iii) review of the intended and non-intended behaviours observed from service providers, beneficiaries, and communities for each of these steps; (iv) strategies used to promote positive change in behaviours and reduce risks of errors, fraud, and corruption; (v) indications of best practices applicable in other contexts; and (vi) conclusions and recommendations. More specifically, the research attempted to document some of the challenges faced by educational planners and managers at each of the steps involved in the design and implementation of incentives; in particular, the following questions:

- Are universal benefit schemes more likely to reach the most vulnerable groups than targeting approaches in a context of low administrative capacity?
- How can the right balance be found between the adoption of simple and transparent criteria for targeting resources and the need to address diverse needs?

- On what grounds can cash transfers be considered as more or less prone to corrupt practices compared with in-kind transfers?
- What are the pros and cons of decentralizing the management of resources to local entities and/or local communities under incentive schemes?
- How can the costs of falsifying data or records with a view to unduly benefiting from incentive programmes be increased?
- How can cost-effective control mechanisms be set up to successfully reduce risks of misallocation and misuse of resources in a context of budgetary constraints?
- Under what conditions can community participation usefully contribute to the selection of programme beneficiaries and strengthen control over the use of resources?

Table I.1   Matrix of case studies

Programme characteristics	Focus of incentives			Selection of population		Granting of incentives		Nature of incentives		Mode of implementation	
	Beneficiary-focused	Family-focused	Provider-focused	Targeted	Universal	Conditional	Unconditional	Cash-based	In-kind	Centralized	Decentralized
South Africa – Quintile ranking system			X	X			X	X			X
Cambodia – CESSP Scholarship Programme	X			X		X		X			X
India – Sarva Shiksha Abhiyan (SSA)			X		X		X	X			X
Viet Nam – Primary Education for Disadvantaged Children (PEDC) Project	X		X	X		X		X	X		X
United States – Opportunity NYC	X	X		X		X		X		X	X
Brazil – National School Feeding Programme (PNAE)	X				X		X		X		X
Peru – Juntos		X		X		X		X		X	

This book presents seven case studies together with a synthesis report that was prepared based on their findings. Each chapter addresses a specific study.

Chapter 1 compares all seven case studies vis-à-vis the several variables that characterize them, emphasizing the pros and cons that their implementation involves from a transparency and accountability perspective. It concludes by stating that there are no best incentive models for transparency and accountability, but rather possible strategies depending on the country context, and national educational strengths and weaknesses, which therefore dictate the kind of incentive needed. Some models may pose greater challenges to transparency and accountability than others (i.e. targeted, decentralized, in-kind programmes); however, they may be the most adequate models for local needs, especially if there are budget constraints, a vast and diverse territory, or a demand for food at school. Needless to say, action taken to confront existing risks to transparency and accountability is more important than the adoption of incentive models. Robust evaluation frameworks, frequent and publicized reports, benchmarking, and channels for active community participation are among the various solutions present in the above-mentioned cases that enhance the transparency and accountability of programmes.

Chapter 2 explores the characteristics of the quintile ranking system in South Africa, according to which the poorest 20 per cent of schools receive 30 per cent of provincial recurrent funding, while those in the least poor quintile receive only 5 per cent. It indicates that the promise of independent and unbiased poverty data is often not detailed enough to draw a line between quintiles. Moreover, financial administrative capacity is generally known to be weak in coping with the complexity of the system – particularly in the poorest provinces, which sometimes results in delays in payments and poor oversight. On this basis, the authors recommend collapsing the five categories into a two-tier system, thereby ridding the system of the grey middle ground and bureaucratic jostling for lower rankings. They also suggest replacing the myriad of systems used across governance levels and provinces by a common financial administrative system, and where possible, a common computer financial package. Finally, they emphasize that if formal auditing is one mechanism for budget scrutiny, informal whistleblowing is a more effective method for discovering mismanagement or fraud.

Chapter 3 examines a World Bank-funded conditional cash transfer programme run in Cambodia, the Cambodia Education Sector Support Project (CESSP) scholarship programme, aimed at helping poor families to cover the cost of educating their children, particularly girls, through lower secondary school. It is presented as relying on a 'simple, straightforward and auditable administration system'. It allows each organizational unit to verify that the funds disbursed from the higher level tally with the number of beneficiaries at each school, and the paper trail to be traced from central to school level. However, the study revealed that the scoring system used to select applicants was unlikely to be completely accurate in ranking each applicant's poverty level. As a result, an appeals mechanism was introduced to allow necessary corrections. A wide variety of transparency and accountability measures were also enforced, such as: publication of programme regulations; awareness and training activities; exclusion of children of local management committee (LMC) members from the list of beneficiaries; transparency ceremonies to distribute money, among others. The author emphasizes that despite all these measures, some LMC members may have had the possibility to unduly influence their colleagues. He therefore recommends the inclusion of a whistleblowing mechanism to allow the community to inform a higher body if any unlawful activity is suspected. He concludes by highlighting the value of 'mutual accountability systems', whereby all actors are mutually accountable and subject to checks and balances.

Chapter 4 describes Sarva Shiksha Abhiyan (SSA), a national programme launched by the Government of India in 2001 to secure the right to quality basic education for all, and more specifically the school grants that it provides. It points out that although, in principle, school grants are a useful tool to strengthen decentralized management of schools and build parent ownership in school functioning, in practice, school grants fail to deliver on their promise. They are allocated to schools with very clear expenditure items and schools have no flexibility as to how much money they receive and how they can spend it. Moreover, the process by which funds flow to schools is complex and tied to cumbersome procedures and paperwork. Consequently, schools receive their money very late in the financial year and if they are unable to meet the paperwork requirements, they do not receive the money at all. Successful strategies, such as social audits or school display boards, are presented as simple and low-cost solutions to bring programme information closer to the school community. The authors conclude that there is a need for flexibility in allocating funds, simplified procedures,

predictable fund flows, and strong information flows, so that funds can be monitored in real time.

Chapter 5 deals with Primary Education for Disadvantaged Children, a multi-donor project run in Viet Nam from 2003 to 2010 to improve access to quality primary education for disadvantaged children. Determining minimum standards (FSQL) is seen as an important step towards improving the transparency of targeting and monitoring procedures, and provided a standardized benchmark against which schools could be assessed. Furthermore, specific instructions on the use of funds constrained local discretion and acted to minimize the risk of public diversion of funds. The mobilization of local communities and their participation in initiatives like District Community Development Specialists or Campus Support Fund helped upward accountability. However, the author emphasizes that the system of disbursement would have been more transparent and accountable if schools had been able to tally the amount intended for them at the central level with the combined value of in-kind and cash-based incentives. Moreover, while she recognizes the pertinence of a top-down approach in applying the concept of accountability with regard to weak capacity of local government, she advises bringing issues of upward accountability to the forefront.

Chapter 6 focuses on Opportunity NYC (New York City), the first conditional cash transfer (CCT) initiative ever implemented in a developed country. Its Family Rewards programme involved a long list of incentives aimed at encouraging families to perform activities that could lead them out of the poverty trap. Its Spark programme specifically targeted school children in low-income households and aimed at incentivizing higher test scores. Family Rewards involved a number of transparency mechanisms, such as frequent reports, widely available public information on the programme's website, a hotline, advice available through neighbourh ood partner organizations (NPOs), and a thorough evaluation of the programme's impact. Despite the implications of having a structure that may have been too complex to be understood by participants and the general public, Opportunity NYC provided a good example when it came to measures and provisions to ensure full accountability by the institutions in charge of its implementation. In both cases, contracts established between all stakeholders involved ensured a clear definition of responsibilities and made institutions legally accountable for their actions. As institutional responsibilities were legally defined, any acts of misconduct or deviation

from the rules would result in the termination of contracts. Moreover, rigorous evaluation and frequent reporting contributed to systematizing programme operations and results, and enhancing public trust, even though the outreach of reports to participants and citizens was rather limited.

Chapter 7 studies Brazil's large-scale school lunch programme (PNAE), a universal, free programme available to all students from public, philanthropic, Indian, and *quilombolas* schools. All public bodies involved in the process of purchasing food for PNAE must comply with the general bid legislation and the criteria and procedures it established. An interesting strategy developed in this context is the electronic auction introduced by many municipalities: this has contributed significantly to the transparency of the programme, along with other mechanisms that enable the types and quality of products purchased to be made public. Moreover, although PNAE is subject to the public control system like other public programmes, it is also monitored by School Lunch Councils. These local councils are autonomous, deliberative, and mandatory, and are designed to supervise the use of resources and their quality. The creation of such councils is regarded as a key element in institutionalizing the process of continuous programme monitoring and accountability, and in ensuring greater efficiency in local contexts. The author concludes that significant challenges still exist, especially with regard to the training of councillors, the disclosure of programme resources, and the information provided to parents and students.

Chapter 8 describes the Juntos programme, the second-largest social programme in Peru created as a social protection mechanism to reduce poverty and improve human capital in rural areas. The programme depends on a national Supervision and Transparency Committee, which plays an important role in its close and constant monitoring. Through direct contact with the programme's professionals and representatives, beneficiaries are also able to express their dissatisfaction with current bottlenecks in the education and health sectors. Moreover, conditionalities in terms of school attendance have encouraged parents to put pressure on local governments for better school conditions, and, in particular, for less teacher absenteeism. However, the expansion of the programme in a relatively short period of time has accentuated its limitations. The author concludes that simple decisions and actions, such as providing sufficient clear information and establishing permanent channels of communication with people, are crucial for developing a different kind of relationship between the state and citizens – one based

on effective mechanisms of control to foster mutual trust in the fight against poverty and inequity.

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Chapter 1
Synthesis of the seven case studies

Michelle Morais de Sá e Silva

The sense of urgency revolving around achieving Education for All has compelled policy-makers and researchers to design innovative programmes that could contribute to making the right to education a reality for everyone. Based on the rationale that greater access and better quality might be achieved through the removal of barriers and the introduction of rewards, incentives programmes have become an increasingly common practice in the education policy world. Although student incentives such as prizes, candies, and other sorts of awards are likely to be as old as the school bench, only recently have pro-poor incentives programmes become institutional policy.

Incentives programmes aim at inducing institutions to behave in a particular way and individuals to choose a particular course of action desired by the agency that offers the incentives. In practice, this general concept can take several forms. Some programmes operate by reducing the direct and indirect costs of education, such as by eliminating school fees, providing school meals and transportation, or offering free textbooks. Other programmes, in contrast, provide cash that could be used to pay for the above-mentioned costs or to cover any other expenses in the household. Some programmes require compliance with pre-established conditions for the granting of rewards, while others do not. Some programmes only benefit a fraction of the student population, which is selected according to objective criteria. Other programmes are universal.

This great variety in the nature and operation of incentives programmes was the principal source of motivation for this study. Since there has been no systematic comparison between the different kinds of programmes, there was no evidence of what programmes worked best and in what contexts. Similarly, no comparative analysis of how specific features might increase or hinder their levels of transparency and accountability has been undertaken. In order to better understand how education policy-makers can ensure greater transparency in the targeting and management of pro-poor incentives, a number of exemplary and interesting case studies have been selected. This selection was carried out according to an array of criteria that included several variables that

could influence the degree of transparency and accountability in the programmes. Those variables include:

- *focus of incentives*: student-focused vs. family-focused vs. school-focused;
- *selection of programme population*: targeted vs. universal;
- *granting of incentives*: conditional vs. unconditional;
- *nature of incentives*: cash-based vs. in-kind;
- *mode of implementation*: centralized vs. decentralized;
- *funding*: public, private, and international;
- *nature of programme*: educational vs. poverty-reduction programmes.

On the basis of the above variables, the study focused on the programmes listed in *Table 1.1*. The table also shows how the various variables are distributed across the selected cases.

Table 1.1   Matrix of case studies

Programme	Student-focused	Family-focused	Provider-focused	Targeted	Universal	Conditional	Unconditional	Cash-based	In-kind	Centralized	Decentralized	Public	Private	International
South Africa – quintile ranking system			x	x			x	x			x	x		
Cambodia – Cambodia Education Sector Support Project (CESSP) Scholarship Programme	x			x		x		x		x				x
India – Sarva Shiksha Abhiyan (SSA), School grants programme			x		x	x	x			x	x			
Viet Nam – Primary Education for Disadvantaged Children (PEDC) Project	x		x	x		x		x	x	x				x
United States – Opportunity NYC conditional cash transfer programme	x	x		x		x		x		x	x		x	
Brazil – National School Feeding Programme (PNAE)	x				x		x		x	x	x			
Peru – Juntos conditional cash transfer programme		x		x		x		x		x				x

It may be relevant to mention that, according to an appraisal carried out by the author in 2008 (see the *Appendix* to this chapter), this regional distribution of cases is representative of the worldwide distribution of poverty-reduction incentives programmes with an education component. According to that appraisal, the majority of existing incentives programmes of the conditional cash transfer kind are concentrated in Asia and Latin America, with a few present in Africa. These kinds of programmes are still a novelty in the so-called economic 'North', with only a few recent pilot experiments in the United Kingdom and the United States.

This study is the collective result of extensive fieldwork conducted by several researchers in each of the selected country cases throughout 2011 and 2012. The methodology used in each case study followed standard procedures and interview questionnaires defined by IIEP. Researchers collected and analysed quantitative and qualitative data on their corresponding cases, which are presented in the various chapters of this work. The detailed analysis of each case later allowed for a comprehensive comparison among them, which resulted in this synthesis chapter. The following section is dedicated to comparing all cases vis-à-vis the several variables that characterize them, and to emphasizing the pros and the challenges that their implementation involves from a transparency and accountability perspective.

1.1 Case comparison

Focus of incentives: student-focused vs. family-focused vs. school-focused

If pro-poor incentive programmes were research projects, one could say that their 'unit of analysis' could be schools, families, or students. The choice among the three will depend on the nature of the incentives offered (i.e. cash, school meals, school materials, etc.) and on the programme's overall goal. When it comes to programme focus, cases analysed in this study can be characterized as shown in *Table 1.2*.

Naturally, most programmes intend to eventually improve access and quality so as to promote Education for All. However, each of them has an underlying programme theory, that is, a rationale according to which a certain amount of inputs will produce certain outputs that will lead to expected results. In other words, the programme theory is an ideal chain of causality. For instance, the most common programme theory behind conditional cash transfers is that, in order to obtain cash,

families will comply with conditionalities, such as by enrolling all of their children in school and making sure that they attend classes often. It is expected that poor children's access to education will eventually make them less poor when they become working adults, therefore breaking the intergenerational cycle of poverty. Thus, the focus of incentives depends on how policy-makers expect to achieve their intended results and how they expect incentives to operate. If the goal is to improve the education of poor girls, then the chosen incentive will be scholarships for girls in rural or remote areas, such as in the Cambodia case study.

Table 1.2   Cases by programme focus

Programme	Student-focused	Family-focused	Provider-focused
South Africa – Quintile ranking system			x
Cambodia – CESSP Scholarship Programme	x		
India – Sarva Shiksha Abhiyan programme			x
Viet Nam – PEDC Project	x		x
United States – Opportunity NYC	x	x	
Brazil – National School Feeding Programme	x		
Peru – Juntos		x	

Even though no one specific programme theory has proven the most effective according to current research, case comparison reveals that different foci will represent different chains of causality towards the fulfilment of education goals. Programmes focused directly on students will have a relatively shorter chain of causality, as incentives (be they cash, food, uniforms, or books) will directly impact the student population. In contrast, programmes with a family focus will depend on decisions made by the heads of the household for incentives to reach children. For instance, it is up to parents to decide if they will comply with the education conditions determined by conditional cash transfers. It is also up to them to decide if transfers will be spent to benefit their children and their education. Lastly, incentives programmes that focus on providers or schools work on the assumption that more school funding will enhance quality of education.

Thus, when the focus is not directly on students, programmes tend to depend on a longer and more complex chain of causality – one that depends on intermediate variables to fully reach the expected results. Conversely, provider-focused programmes are more likely to have a

greater impact on education quality, as they work on the 'supply side' of the education production equation, rather than on the 'demand side', as represented by students and their families. Interestingly, the Vietnamese PEDC programme adopted a mixed focus, with both providers and students the target of incentives. Although the bulk of programme resources are devoted to school infrastructure and teacher training, in-kind incentives are also offered to disadvantaged students in the form of uniforms, books, and even rice. This combined focus seems to represent a more comprehensive approach towards improving education conditions, as the programme works on both ends of the education process: students and schools.

Because they are more straightforward, student-focused programmes tend to be more transparent in terms of whether they are indeed benefiting the student population. It is easier to identify when benefits are not reaching beneficiaries. For example, if children continue to be malnourished or if they are unable to focus and learn because they are hungry, it is easy for families to identify that a school meal programme is not working properly. For the same reason, it is easier for parents to hold school personnel and administrators accountable. That is not to say that provider-focused programmes are worse; they are just more complex, and evidence of their results usually take longer to materialize. In other words, it is harder to follow the money because the route it takes is long and complicated before it emerges in the form of visible results for students and parents.

Additionally, provider-focused programmes such as India's SSA, South Africa's quintile ranking system, and Viet Nam's PEDC (which also has a focus on students) comprise various possibilities for money expenditure, such as civil works (construction and repairs), purchase of school materials, and investment in teacher training. For instance, in India funds are allocated for teacher learning materials, school development grants, and school maintenance grants. This disbursement of funds makes it harder for communities to understand how funds have been allocated and why. In these cases, there is a need for creative solutions to increase accountability and to facilitate the practice of social control.[1] For instance, the establishment of clear evaluation frameworks

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1. The concept of social control has been widely used within public policy jargon in Latin America. It is closely related to the concept of accountability; however, it differs in some respects. While accountability applies to politicians and administrators, social control is practised by society in general, which should actively control the actions of government, overseeing its policies on a permanent basis.

and the preparation of interim and final evaluations might help to ensure that incentives are having an effect.

It is a fact that underfunded schools will do more harm than good and that extremely poor families tend to not make education a priority. Hence, the most adequate focus for pro-poor incentive programmes will depend on what the greatest educational challenges are in a certain country, province, city, or village. It will also depend on the set of other existing educational programmes, so that they can work in a complementary way. For instance, it does not make sense to promise students cash for better grades if schools lack teaching materials, if teachers have not been trained, or if there is high teacher absenteeism. In other words, incentive programmes cannot function if other parts of the education system are dysfunctional. *Table 1.3* summarizes the focus of each programme.

Table 1.3   Programme focus summary table

	Pros	**Challenges**
Student-focused	Receipt of incentives is readily identifiable. Shorter chain of causality as incentives – be they cash, food, uniforms, or books – will directly impact the student population.	
Family-focused		Programme depends on decisions made by the heads of the household until incentives can reach children.
Provider-focused	More likely to have a greater impact on education quality.	Difficult for families to identify whether incentives are benefiting children. Comprises various possibilities for money expenditure, which makes it harder to track the money.

Selection of programme population: targeted vs. universal programmes

Since the 1990s, when poverty-reduction programmes became increasingly popular in developing countries and among international organizations, targeting mechanisms have been used as a means to achieve greater efficiency and reach the poorest of the poor. In the

wake of structural adjustment programmes and the deteriorating social conditions that followed in developing countries, targeting arose as an alternative to universal social programmes, especially food subsidies. Different from government subsidies, which benefit anyone who purchases a certain good or service, targeted programmes are only available to a previously specified population. As such, they can represent a more efficient utilization of government resources and still constitute a safety net for the poor (at least those whose family complies with pre-established conditions). According to Grosh *et al.* (2008), 'the last 20 years have seen a marked move away from generalized, universal food subsidies toward more targeted programmes, and from the use of food toward the use of cash'. Cases analysed in this report include both targeted and universal programmes, as illustrated in *Table 1.4.*

Table 1.4   Cases by selection of programme population

Programme	Targeted	Universal
South Africa – Quintile ranking system	x	
Cambodia – CESSP Scholarship Programme	x	
India – Sarva Shiksha Abhiyan programme		x
Viet Nam – PEDC Project	x	
United States – Opportunity NYC	x	
Brazil – School Feeding Programme		x
Peru – Juntos	x	

Universal programmes, such as Brazil's school meal programme and India's school grants programme, enjoy the advantage of not requiring complicated calculations or selection procedures to define their beneficiary population. In countries where mostly poor students attend public schools, whereas middle-class and wealthier students attend private schools, there is a greater chance that universal programmes for public schools will benefit the poor. Also, when the programme is considered to protect a basic right – such as the right to food as in the case of Brazil – it has to be universal by definition. In such cases, however, the programme follows a rights-based approach, rather than an 'incentives approach'. In other words, citizens are provided with services or funds because they are entitled to them and not because they come as a 'prize'.

Nonetheless, one of the disadvantages of universal programmes is that resources have to be shared among a large beneficiary population,

which means that per capita amounts may turn out to be small. In Brazil, the national school feeding programme benefits a total of 45.6 million students. However, programme transfers, which are to be complemented by state or municipal governments, amount to an average of US$0.17 per student per school day. For the same reason, when resources are absolutely scarce, universal programmes may just not be an option and targeting will be needed as a way to identify the poorest among the poor.

Targeted programmes are meant to reach only a pre-specified population. First, criteria have to be chosen to limit who gets into the programme. Second, a selection process has to be carried out to apply those criteria to the total population. There are a wide variety of targeting and selection criteria. In some cases, various and sequential criteria are used to narrow down the selection to a smaller (and usually very poor) target population: For instance, targeting can be undertaken on a geographic basis, by selecting areas of programme operation. It can also be based on family income, level of education, number of children, or the availability of basic services in the community. This study's five cases of targeted programmes exemplify the existence of various targeting criteria. In fact, all of them are examples of multi-level targeting:

- *South Africa's quintile ranking system* used income-related targeting at the national level and school targeting at the provincial level, using data related to school infrastructure and the income level of the school's immediate community.
- *Cambodia's CESSP Scholarship Programme* used geographic targeting based on residence in rural or remote areas; school-based targeting depending on the poverty rate of the communities served by school; and scoring of students' application forms. Sixty per cent of the beneficiaries had to be girls.
- *Viet Nam's Primary Education for Disadvantaged Children project* used geographic targeting with the selection of the most educationally disadvantaged districts. At the schools of targeted districts, students from the poorest households were targeted for additional incentives.
- *United States' Opportunity NYC* used geographic targeting and income-related targeting, based on whether children are entitled to free or reduced-price lunch at school.
- *Peru's Juntos programme* used geographic targeting; household targeting, based on means-tested statistics; and community validation of potential beneficiaries.

In all the above cases, the choice of targeting criteria was intimately related to the identification of variables that lead to proxies of poverty status. The question is how to reach the poor, and only the poor. Target criteria are also often related to affirmative action policies, such as targeting girls only (i.e. Cambodia's CESSP scholarship programme), indigenous peoples, immigrants, or families of African descent. In a few cases, like that of Viet Nam's PEDC, the aim was to focus on the most educationally disadvantaged children. For that reason, the programme used education data, not poverty data, to select target districts.

In some cases, the selection of criteria is also determined by the availability of data. For instance, if data are not available at the household level, targeting may have to be done at the school or community level. The problem of this approach, however, is that targeted communities may also comprise non-poor families, who end up benefiting from pro-poor programmes. Data-related targeting difficulties have been identified in the South African quintile ranking system. In other cases, such as in Viet Nam, the difficulty lay in selecting the poorest among a very impoverished population.

Van Stolk and Tesliuc (2010) affirm that 'targeting error is often used to indicate the fraction of programme funds or beneficiaries of a social protection programme that are not reaching the poor'. Poverty specialists classify these errors into two categories: inclusion error or leakage, and exclusion error or under-coverage. Inclusion error or leakage means that members of the non-targeted population have enjoyed programme benefits. In contrast, exclusion error or under-coverage means that the programme has not reached everyone in the intended target population. Both types of errors make programmes less effective in their intent to be pro-poor. However, from a transparency and accountability perspective, inclusion errors are a greater problem as they might have resulted from misconduct by programme administrators, who may have included relatives or friends in public programmes.

Avoiding targeting errors is not an easy task when the availability of data is limited or when available data are outdated. Statistics are often 'snapshots' of reality, whereas people's place of residence, school, and work status may change rapidly and often. This issue was apparent specifically in the case of South Africa's quintile ranking system, where there is a mismatch between data used to place schools in each quintile and the up-to-date status of students. Cases of student migration, for instance, result in some schools becoming underfunded, as the system

is not automatically updated when students move from one school to another.

Thus, even if targeting criteria seem objective and clear-cut, transparency issues may arise if the data used in the selection process are not reliable or if they have been produced on the basis of subjective assessments. This may lead to programmes being discredited by citizens, as situations will arise where not-so-poor families have access to programme benefits. It may also open the door to the undesired political use and manipulation of programmes. Hence, because the definition of their target population is straightforward, universal programmes are simpler and more transparent than their targeted counterparts. In a universal programme, it is clear that anyone who attends a public school, for example, will automatically participate in the programme. But if a programme has to be targeted for budgetary or efficiency reasons, criteria have to be in sync with constant, objective, and accurate processes of data collection.

That is not to say that targeted programmes are worse than universal programmes; they just pose greater challenges when it comes to transparency and avoiding errors of inclusion or exclusion. But these challenges can be met if the necessary statistical and administrative capacities are in place, or if criteria are simple and easily identifiable, such as gender or age.

Table 1.5 Selection of programme population summary table

	Pros	Challenges
Universal	Absolutely straightforward and clear.	Benefit amounts may be too small if there are budget limitations or a very large beneficiary population.
Targeted	Helps to reach the poorest of the poor.	More complex. Widespread information about the targeting criteria should be available.
		There are technical challenges to select and reach the targeted population.
		Targeting may be subject to errors and manipulation.

Granting of incentives: conditional vs. unconditional

The vast majority of social and educational programmes have been traditionally unconditional, meaning that once citizens are included in

a programme they gain access to all of its benefits. In a few cases, there are 'administrative' conditionalities that are applied at entry, such as the requirement that families present certain documents or certificates. However, after the advent of conditional cash transfers (CCTs) in the 1990s, conditionalities have been viewed as a useful feature. Policy-makers in different countries have opted for making programmes conditional for various reasons.

In Cambodia's CESSP Scholarship Programme, for instance, enrolment and attendance conditionalities are used to promote an increase in education access and school retention. Conversely, the numerous conditionalities that comprise Opportunity NYC are intended to promote behaviour-change, leading beneficiaries to do 'the right thing'. They also imply that if families are to be given cash, they need to deserve it. Juntos' conditionalities, in turn, aim to make sure that, while cash transfers will alleviate immediate poverty, families will seek education and health services that will increase their human capital, possibly helping future generations to become less poor. Finally, the main condition in Viet Nam's PEDC is that schools make progress towards reaching the Fundamental School Quality Level (FSQL) (see *Table 1.6*).

Table 1.6   Cases by mode of granting of incentives

Programme	Conditional	Unconditional
South Africa – Quintile ranking system		x
Cambodia – CESSP Scholarship Programme	x	
India – Sarva Shiksha Abhiyan programme		x
Viet Nam – PEDC Project	x	
United States – Opportunity NYC	x	
Brazil – School Feeding Programme		x
Peru – Juntos	x	

In addition to the various kinds of arguments and rationale underlying the adoption of conditionalities, there are also a variety of activities that families may be required to do. In terms of education conditionalities alone, these can consist of: proof of enrolment of school-age children, school attendance for a pre-defined minimum number of school days, grade promotion, school completion, and academic performance. In fact, Opportunity NYC was the first conditional programme to introduce conditionalities related to test grades. In the midst of such variety,

however, there is a prevalence of school attendance conditionalities. Of the 43 conditional cash transfer programmes listed in the *Appendix* at the end of this chapter, 35 have transfers conditional upon attendance for a minimum number of school days.

Interestingly, Viet Nam's PEDC programme presents two features that are of great relevance for this study when it comes to conditionalities. First, it is the only case to use a clear benchmark, the FSQL, on the basis of which all participating schools are assessed. Furthermore, that benchmark combines a comprehensive set of important educational variables: physical infrastructure, school organization and management, teaching staff, educational activities and quality education, and education socialization. Besides being a good and holistic way to measure education quality, the use of a benchmark can be a powerful tool to measure progress in a transparent manner and to hold authorities accountable. In Viet Nam, however, compliance with the benchmark-related condition has unfortunately not been verified or enforced.

There has been extensive debate, both in academia and among policy-makers, as to what conditions are the most effective. The debate turns around at least three factors: the value or amounts of transfers or benefits; the existing capacity to verify compliance with conditionalities; and whether families would perform certain activities regardless of programmes requiring them to do so. For instance, school attendance conditionalities for secondary education students need to be accompanied by higher benefits or transfers in order to work as an effective incentive to compensate for potential forgone income. Based on that observation, Opportunity NYC has established higher transfer amounts for high school students than for those in elementary and middle schools.

Also, adequate means of verification are necessary to 'enforce' conditionalities. If families or students become aware that compliance is not being checked, there is a higher chance that conditionalities will not be met.

Finally, there is the question of conditions taking the form of activities normally performed by families. That is typically the case for school enrolment and class attendance conditionalities in contexts where primary education, for instance, has been universalized. In such cases, it would be more effective to introduce conditionalities that could prevent grade repetition or school dropout among the most vulnerable groups.

Additionally, recent findings arising from the evaluation of Opportunity NYC indicate that some conditionalities are not effective because compliance does not solely depend on behaviour changes. This was the case with conditions related to test scores: students in the programme did not perform significantly better than students in the control group. The conclusion was that it takes more than just effort to obtain a good grade. In this case, it might be better for conditions to be related to effort rather than results, but here again the issue is how to monitor compliance in order to know, for example, whether students have read a certain number of books or if they have studied for a certain number of hours. These challenges are present in any attempt to improve academic performance through incentives and conditionalities.

The question of whether programmes should be conditional or unconditional depends, to some extent, on all the factors listed above. If conditions make programmes too expensive, hard to monitor, or if they just do not make sense, then it is best not to introduce them. Also, some moral and political issues may arise, as some public services and benefits, such as education, health, or social security, are citizens' rights and cannot have their provision limited by conditionalities. For instance, a government may condition a cash transfer upon children's school enrolment, but could hardly condition the provision of primary education upon a certain behaviour or activity. Hence, some of the arguments used against targeting may be also used against making programmes conditional.

Conditional programmes pose a somewhat greater challenge for transparency and accountability than do unconditional programmes. For the sake of transparency, programme participants should be fully aware of what conditions they are expected to comply with, how they are expected to prove compliance, and how that impacts the amount of benefits they will receive from programmes. In other words, rules need to be clear and fully understood, so that incentives may work as expected.

Also, it is important that beneficiaries and the overall public are able to understand and follow up on how programme managers monitor compliance and distribute benefits accordingly. For cases where the set of conditionalities is simple and straightforward, such as in Cambodia and Peru, the conditional programme has not been an issue. On the other hand, a long and complex list of conditionalities was a challenge to New York City's CCT, creating difficulties for participants to understand the programme and effectively respond to incentives. This was also an issue in Viet Nam, where there was an excellent benchmark for

the measurement of compliance (the FSQL), but schools not making progress towards it were not punished or held accountable.

Table 1.7   Granting of incentives summary table

	Pros	Challenges
Unconditional	Absolutely straightforward and clear.	Incentives may not be as effective in generating the desired impacts.
Conditional	Conditions may lead to positive behaviour change.	Technical difficulties for the verification and enforcement of compliance.
		Greater complexity.
		Programme participants need to be fully aware of what conditions they are expected to comply with, how they are expected to prove compliance, and how that impacts the amount of benefit they will receive from programmes.

Nature of incentives: cash-based vs. in-kind

Among all seven cases analysed in this research project, only one did not involve monetary incentives. Hence, the offer of funding or plain cash is a growing trend in education policy, whether programmes offer such incentives to schools, families, or students. The effectiveness of monetary incentives is likely to depend on two factors: how relevant that promised cash is within the overall budget of the school, family, or student; and whether control mechanisms are in place to ensure that programme rules are being followed and only eligible recipients are benefiting from the incentive.

The usual reason for offering cash rather than goods or services is the need to eliminate intermediaries or to make incentives independent of suppliers. Whereas in-kind incentives require someone to purchase, transport, and distribute them, monetary incentives can be transferred directly into beneficiaries' pockets or bank accounts. Moreover, even though most cash-based programmes would like the funds to be used for certain types of expenses, such as the purchase of uniforms, textbooks, or food for the children, they give beneficiaries the option to use the funds for whatever they need or value most. There has been great debate over whether this liberty is conducive to greater access to education and to poverty reduction. Those who argue against it point to cases of misuse of funds, such as beneficiary families using programme money to purchase alcohol. Others, however, defend that only the poor know what they need most and provide research as evidence that the cash is used

significantly for the benefit of the children. In the Peru case, for instance, Villar Márquez has reported that families mostly use Juntos' benefits 'to pay for food, and buying school materials, uniforms, and shoes'.

Table 1.8   Cases by nature of incentives

Programme	Cash-based	In-kind
South Africa – Quintile ranking system	x	
Cambodia – CESSP Scholarship Programme	x	
India – Sarva Shiksha Abhiyan programme	x	
Viet Nam – PEDC Project	x	x
United States – Opportunity NYC	x	
Brazil – School Feeding Programme		x
Peru – Juntos	x	

While the provision of cash may eliminate most intermediaries, in countries where bank facilities are not prevalent, or where families do not have access to bank accounts, the receipt of cash payments may become a burden for families and students. In New York City, for instance, beneficiary families who were not used to the banking system had their programme accounts closed due to insufficient funds and later encountered difficulties in accessing future payments. In Peru, rural women had to walk long distances to reach their closest bank to withdraw funds.

Among all the cases analysed in this study, only two were characterized by in-kind incentives: Brazil's National School Feeding programme and Viet Nam's PEDC programme. Interestingly, the Brazil case was also among the few examples of universal programmes. To some extent, both features seem to be self-reinforcing: for ethical and political reasons it would be difficult to limit the provision of food to only a fraction of the student population attending public schools, which in Brazil predominantly serve low-income students. At the same time, it is hard to imagine a universal programme indiscriminately offering cash to students. Although various scholars and politicians have proposed a universal basic income, there have been no such cases with an educational aim.

The Viet Nam case also combines two very interesting features. First, it offers both cash-based and in-kind incentives. Cash incentives are offered in the form of 'Community Support Funds', so as to provide communities with the necessary means to participate in programme

monitoring. In-kind incentives, in turn, vary from infrastructure upgrading to teacher training and material support to disadvantaged students, such as uniforms, books, and rice. The second very interesting feature is that in-kind incentives are tailored to school and student needs. This is certainly very innovative, especially compared wish cash transfers, which usually offer a standard and previously defined cash amount.

When it comes to transparency and accountability aspects, cash-based programmes are more standardized than in-kind programmes, making it easier to track amounts delivered to districts, schools, families, or students. In other words, it is easier to follow the money than it is to follow food or construction materials, not to mention training courses. Needs-based allocation of incentives, such as in the Viet Nam case, may also bring additional challenges to transparency and accountability, as the definition of needs is subjective and may be manipulated. The Brazil case may be a good middle-ground solution between the two types of programmes when it comes to transparency and accountability. The programme provides a pre-specified money amount per student per school day, and this amount is transferred to state, municipal, or school accounts to be used for the purchase of food. Hence, if school lunch is not satisfactory in quantity or quality, parents are able to access information about amounts transferred to their children's schools for the provision of meals.

Table 1.9   Nature of incentives summary table

	Pros	Challenges
In-kind	Needs-based.	It may take a long time for in-kind incentives to reach beneficiaries.
		Definition of needs is subjective and may be manipulated.
Cash-based	Fewer intermediaries. More standardized, making it easier to track amounts delivered to districts, schools, families, or students.	In countries where bank facilities are not widespread or where families do not have access to bank accounts, the receipt of cash payments may become a burden for families and students.

Mode of implementation: centralized vs. decentralized

Debate over centralization or decentralization has been present both in the education and poverty-reduction policy arenas. In countries where various levels of governance co-exist, this debate is long-standing and far from resolved. The decision generally depends on two factors: whether

the policy-making authority is centralized or decentralized, and whether funding is correspondingly centralized or decentralized. In an ideal world, both of the above should be perfectly in sync. However, it is not uncommon to find governance levels (i.e. national, provincial, district, community, school) bearing more responsibilities than their funds can meet.

Table 1.10   Cases by mode of implementation

Programme	Centralized	Decentralized
South Africa – Quintile ranking system		x
Cambodia – CESSP Scholarship Programme		x
India – Sarva Shiksha Abhiyan programme		x
Viet Nam – PEDC Project		x
United States – Opportunity NYC	x	x
Brazil – School Feeding Programme		x
Peru – Juntos	x	

Furthermore, devolving authority and funding to local levels needs to be accompanied by the creation of sufficient technical capacities in subnational entities. The South African quintile ranking system is a good example of the various difficulties that may arise if the institutions in charge of managing decentralized funds do not have the financial and managerial capacity to effectively use them, or the ability to ensure that all necessary measures are taken to guarantee full transparency and accountability. As this case study reveals, sometimes the problem is not one of fraud or misconduct, but rather of incorrect procedures that bear no intent of private use of public funds. For instance, when school boards were not able to determine that their allocations had been fully spent within the given timeframe and funds were sent back to the national treasury, there was no personal gain, but rather considerable loss on the part of schools and their students.

A similar issue was present in India's school grants programme, noticeably when grants were directed to the whitewashing of school walls, rather than to purchasing materials that could improve education quality. In Viet Nam, on the other hand, capacity-building seems to have been a major aspect of programme implementation. Nonetheless, it is not clear whether accounting and procurement capacity were exclusively built to handle foreign credits, or if such capacity was also created to

work with local laws and regulations pertaining to the execution of national funds in the future.

In some instances, decentralized programmes may prolong the time it takes for money to reach its final beneficiaries. In addition, the more intermediaries this process entails, the greater the chance for misconduct or just higher administrative costs. Also in this regard, the Indian case study provides a good example of various transfers and bureaucratic procedures that had to be undertaken before funds could reach the schools.

Conversely, decentralization has the absolute advantage of bringing decision-making and implementation closer to beneficiaries. In vast, diverse countries with large populations, central governments lack knowledge about the key needs of communities and their schools. For instance, Brazil's school meal programme has shown that decentralization of funds from the national level to municipalities or school boards has permitted the rationalization of procurement processes, as well as the purchase of fresher products and the preparation of healthier meals in accordance with local dietary traditions. Moreover, decentralized programmes allow the possibility of community empowerment and the experience of democratic and participatory practices at the local level. When decision-making and implementation are both centralized in the capital, communities have no say in the daily functions of the programme. When decentralization occurs, community members have a greater chance to oversee programme operations and hold authorities accountable for any observed misconduct. That in itself constitutes a considerably positive feature that may outweigh the additional challenges to transparency and accountability that a decentralized design presents.

Yet it is a fact that cases which demonstrated some level of community or civil society involvement have fallen short of expectations in terms of transparency or the democratic nature of their participation. In the United States, civil society/non-profit organizations participated in the programme as contractors. In Peru, community validation of beneficiary selection was commonly just a formality. In Brazil, India, and South Africa, school boards or committees ultimately had little influence on major educational decisions and had the sole function of approving accounts. In Viet Nam, the programme played an important role in fostering greater community organization, especially due to the provision of Community Support Funds. However, it is not clear whether community participation evolved into an effective control mechanism.

The Cambodia CESSP case seems to constitute the only experience where community participation worked as expected, possibly due to

the clear definition of roles and responsibilities at the various levels of programme implementation, which makes for a smooth, transparent, and accountable programme. Nonetheless, even though there may be questions of representativeness[2] and effectiveness in some contexts, the key is for different strategies to be utilized to enhance democratic participation by all citizens, especially the poor. Localized and momentary failures should not discourage the pursuit of community participation, which tends to exert pressure on public programmes and policies for greater transparency and accountability.

Table 1.11   Mode of implementation summary table

	Pros	Challenges
Centralized		Decision-making is carried out far from beneficiaries.
		Central governments lack the knowledge of what communities and their schools need most.
Decentralized	Programmes can be adapted to local needs and cultures.	Local financial and managerial capacity is needed.
	Community members have a greater chance to oversee programme operations and hold authorities accountable for any observed misconduct.	Decentralized programmes may prolong the length of time it takes for money to reach the final beneficiaries.

Finally, it should be noted that the emergence and fame of conditional cash transfers, like those implemented in Cambodia, Peru and the United States, is due to some extent to the fact that they have been able to reconcile the centralization/decentralization trade-off. At the managerial level, these are mostly centralized programmes with local authorities and community organizations only aiding with a few processes, such as the enrolment of eligible families or the validation of selected students. However, at the expenditure level, these are radically decentralized programmes that devolve spending decisions to families or even students. In CCTs, government structures do not determine how funds will be spent; this is a private decision to be made by the beneficiaries themselves. Additionally, the lack of intermediaries between

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2.   In contexts where there are strong social hierarchies, so-called participatory institutions like school boards and local committees end up reproducing local domination structures. Consequently, oppressed citizens are not really able to voice their views and the decisions made by those institutions are not representative of their interests.

the funding source and families reduces administrative costs, streamlines standard procedures, and enhances transparency and accountability.

Public, private, and international funding

Although all programmes discussed by this study result from initiatives of elected governments and are, therefore, public programmes, some have been financed by either private or international funding. This is the case for Opportunity NYC, which was financed by a pool of private donations, and Cambodia's CESSP Scholarship Programme, Peru's Juntos, and Viet Nam's PEDC project, all of which were partially funded by World Bank loans.

Table 1.12   Cases by source of funding

Programme	Public	Private	International
South Africa – Quintile ranking system	x		
Cambodia – CESSP Scholarship Programme			x
India – Sarva Shiksha Abhiyan programme	x		
Viet Nam – PEDC Project			x
United States – Opportunity NYC		x	
Brazil – School Feeding Programme	x		
Peru – Juntos			x

As they are implemented by government structures, programmes financed by non-government resources still have to abide by the rules and regulations that apply to public policies in terms of transparency and accountability. Nonetheless, the fact that funding comes from external donors makes them subject to a second 'layer' of transparency requirements. Additional reports are solicited and programmes may be subject to extra rounds of audits. For instance, institutions in charge of implementing Opportunity NYC had to submit frequent reports to private donors to prove that their money was being adequately invested and that the programme had been executed with the promised rigour. Similarly, programmes financed by international development banks are subject to very strict administrative procedures that need to be demonstrated through lengthy reports. In Viet Nam, donors and the World Bank established an evaluation framework and conducted external evaluations on the PEDC programme. Even though foreign-funded programmes seem to be, at times, more accountable to donors than

constituents, donor requirements certainly end up strengthening transparency provisions.

The downside to extra transparency requirements is that, in some cases, programme managers spend a significant amount of time learning additional rules they have to comply with and preparing required reports and audits – so much so that their own 'domestic' requirements sometimes take second place. Often, separate administrative structures are created to manage programme matters, producing a parallel bureaucracy. This was the case for Cambodia's CESSP programme and Viet Nam's PEDC project. In Cambodia, a CESSP Scholarship Team and a project coordination office were created, trickling down to CESSP provincial teams. In Viet Nam, a project coordination unit centralized most decisions, relying on an international project advisor for three years and an international procurement advisor for the first year. Although those administrative structures may be more efficient and even more transparent than existing national bodies, one may question their degree of sustainability and accountability to national taxpayers. Also, reports prepared to donors are seldom made widely public to locals. In the case of Opportunity NYC, reports are available on websites and in publications, but there is no consistent effort to make them reach the average citizen. Similarly, individual studies result in no record of feedback to communities regarding evaluations of programmes such as CESSP, PEDC, or Juntos.

Table 1.13   Funding source summary table

	Pros	Challenges
Public	Accountable to national citizens.	Existing transparency mechanisms may be weak.
Private or international	Additional transparency requirements.	More accountable to donors.

It is not up to this work to recommend that incentive programmes be funded with national or foreign funds. What can be stated is that when it comes to transparency, externally funded programmes present various forms of good practices towards making programme operations transparent. On the other hand, even if greater transparency is likely to bring greater accountability, the question of 'accountable to whom' may be an issue in those programmes.

Nature of programme: educational vs. poverty-reduction programmes

Not every pro-poor incentive programme with an impact *on* education has been designed *for* education, or with an exclusive focus on it. Some programmes have been designed with the broader goal of reducing poverty, with education included as one of the long-term pathways out of poverty. Among the selection of programmes included in this study, the cases of Brazil, Cambodia, India, South Africa, and Viet Nam mostly concern education, reflected in their stated goals and in the fact that their implementation rests in the hands of education-related institutions. The cases taken from Peru and the United States were designed to work on the broader issue of poverty-reduction. As only part of these programmes relates to education, their design and management have fallen under the auspices of institutions operating in other sectors of government.

Table 1.14   Cases by nature of programme

Programme	Educational	Poverty-reduction
South Africa – Quintile ranking system	x	
Cambodia – CESSP Scholarship Programme	x	
India – Sarva Shiksha Abhiyan programme	x	
Viet Nam – PEDC Project	x	
United States – Opportunity NYC		x
Brazil – School Feeding Programme	x	
Peru – Juntos		x

Such a difference, in itself, will not directly affect transparency, as the strategies to ensure transparency may be the same in both education and poverty-reduction programmes. It matters most when it comes to accountability, defining who and what institutions are accountable for programme operations and to whom they are accountable.

In education programmes, education authorities and school personnel are responsible for programme design and implementation. Also, monitoring bodies such as school boards and local committees are in charge of overseeing the expenditure of funds to ensure that they have been invested for the benefit of students and for a better education. Furthermore, education programmes tend to focus on educationally disadvantaged children (i.e. Viet Nam's PEDC project), rather than on the economically disadvantaged, which usually form the target population for poverty-reduction programmes.

Conversely, since poverty is a multifaceted and more complex phenomenon, poverty-reduction programmes generally involve authorities in non-education sectors of government that are accountable, not only for delivering pro-education results, but also positive impacts in other areas such as work, nutrition, and health. At the same time, the education community is less able to oversee and influence the educational aspects of those programmes, with a view to making their incentives take the form of educational incentives. Under this scenario, programmes may be perfectly transparent and fully accountable, but the incentives may not have any impact on the education of poor students.

Table 1.15 Nature of programme summary table

	Pros	Challenges
Educational	Monitoring bodies such as school boards and local committees are in charge of overseeing the expenditure of funds (how they are invested to the benefit of students and how they will provide better education).	
Poverty-reduction	Usually based on consistent evaluation frameworks.	Education professionals have less space to monitor the educational aspects of poverty-reduction incentives programmes.

1.2 Transparency and accountability best practices

This section summarizes some of the best practices highlighted by all researchers who participated in this study, and adds other best practices that came to light as cases were cross-compared.

South Africa – Quintile ranking system

The South African quintile ranking system should be recognized as an important effort towards ensuring greater equity in education by cutting school fees and providing enhanced funding to schools serving the poorest students. Schools fees have long been recognized as a significant barrier to education access, especially among poor families. However, countries that have attempted to eliminate them have seen their schools run to even greater shortages of funds to finance their everyday operations. The South African quintile ranking system has proven an important initiative for compensating schools in the poorest

communities. Even though targeting issues have been identified, programme managers and policy-makers have already started discussing solutions to make the programme clearer. Important steps towards making criteria standardized and clear include the adoption and use of objective targeting tables, used to define the system's quintiles, and the implementation of an 'adequacy benchmark'.

Cambodia – CESSP Scholarship Programme

To ensure full transparency and accountability it is crucial to have a well-defined division of responsibilities, as observed in the case of Cambodia's CESSP Scholarship Programme. Each government level and structure knows its role and place in the programme, allowing for a smooth implementation process. The programme exemplifies the point that, even if decentralized programmes pose greater challenges, it is possible to ensure transparency and to 'follow the money'. Such a successful decentralized experience has also been possible due to the creation of local management committees (LMCs), which are responsible, among other things, for the selection of programme beneficiaries. Not only have administrative tasks been devolved to the local level, but also so have some aspects of decision-making. Importantly, the decisions made by LMCs on beneficiary selection are not final, and there is an appeals mechanism in place. Hence, all institutions and actors taking part in the programme are mutually accountable and subject to checks and balances. The establishment of a 'mutual accountability system' seems to represent a good strategy to strengthen transparency and accountability in decentralized programmes.

India – Sarva Shiksha Abhiyan programme

Similar to Cambodia's local management committees, the use of school management committees (SMCs) has been key to ensuring transparency and local ownership in India's school grants programme. Even though SMCs are not in charge of selecting programme beneficiaries, as school grants are universal, they have the important role of planning how grant money will be spent and monitoring whether expenses have been adequately disbursed. This allows for bottom-up budgeting, as well as for community involvement in programme monitoring. Social audits are also an interesting strategy utilized in India, and constitute an additional tool for social control of government programmes. In the case of school grants, social audits and the work of SMCs are complemented by school boards that display information on how grants have been spent at the school level. Despite weaknesses identified on the ground, school display

boards can work as a simple and low-cost solution to bring programme information closer to the school community.

Viet Nam – Primary Education for Disadvantaged Children Project

Viet Nam's PEDC project stood out as an innovative and comprehensive programme on many levels. For a couple of variables it was characterized by a combination of more than one feature, such as the nature of incentives (both cash-based and in-kind) and its focus (both provider-focused and school-focused). Although such a mixed profile could have generated great transparency challenges, it seems that programme managers were able to deal with them. A special feature of Viet Nam's programme was the creation of a standardized benchmark – the FSQL – usable as a measure of progress in all schools. Importantly, the benchmark was not a simplified definition of education quality (such as test scores), but was rather a set of educational goals related to physical infrastructure, school organization and management, teaching staff, educational activities and quality education, and education socialization. It shows that having a clear and objective parameter for assessing schools and measuring their progress can improve transparency and be a powerful tool to hold authorities accountable.

United States – Opportunity NYC (New York City)

Opportunity NYC was set up as a pilot experiment, and two procedures significantly strengthened the transparency and accountability aspects of the programme: rigorous evaluation and frequent reporting. Evaluation processes were built in at the programme's design stage to allow assessment of its impact on a scientific basis. Various data collection processes and analyses were conducted throughout the programme's lifecycle until impact results could be appraised. Furthermore, participating families and those in the control group will be monitored during the coming three years to observe mid-term impacts. These systematic evaluation efforts can enhance public trust, as lessons learned will be used to improve the programme, and only those features found to be effective will be maintained in the future. With the support of such constant monitoring, the programme prepared and submitted frequent reports, especially to programme sponsors. The outreach of those reports to participants and even citizens is still limited, but the effort to systematize programme operations and results on a frequent basis must certainly be praised.

Brazil – National School Feeding Programme

In Brazil, the creation of food school councils has institutionalized the process of continuous programme monitoring and accountability, counting on the participation of the school community, as well as civil society. The fact that those councils scrutinize school menus and their related expenses is a considerable step towards greater transparency, accountability, and adequacy to local contexts. It is acknowledged that significant challenges still exist, especially when it comes to the training of councillors, but the existence of food school councils, as established institutions, is very positive. Additionally, it is very impressive that a programme benefiting over 45 million people is able to ensure the continuity of services on a daily basis, regardless of where a school is located. Continuity of benefits is central to providing some stability to the lives of poor families and students, making them better able to plan their routines and, in the case of a school meal programme, making them sure that their children will not be hungry at school.

Peru – Juntos

Interestingly, Juntos' national scope and direct outreach to families has turned it into an important channel for citizens to communicate with the government. Through direct contact with the programme's professionals and representatives, they have been able to express their dissatisfaction with current bottlenecks in the education and health sectors. Also, Juntos' conditionalities, in terms of school attendance, have made parents exert pressure on local governments for better school conditions and, especially, for lower teacher absenteeism. Consequently, the programme has proven an important path towards improvements in education policies. Finally, the programme relies on a National Supervision and Transparency Committee and 14 regional transparency committees. These institutional structures can play an important role in the close and constant monitoring of a programme that operates nationwide on the basis of guidelines defined centrally by the national government. Besides ensuring transparency and accountability, those committees can play an important role in identifying and caring for local specificities and needs.

1.3 Conclusions

The present IIEP comparative study has been a major and unprecedented effort dedicated to identifying, analysing, contrasting, and cross-comparing global experiences in the use of pro-poor

incentives in education. Although poverty experts and international organizations have compared conditional cash transfer programmes on a frequent basis, there is a dearth of work that looks at incentives programmes with an educational focus. Besides having a 'foot' in the education policy research field, this study is also an unprecedented effort to compare incentive programmes from a transparency and accountability perspective. By combining a set of interesting and very diverse group of cases, IIEP has assembled the variety needed for truly comparative studies.

The set of selected variables picked by IIEP passed the test of case comparison and proved to be representative of the main differences that permeate incentive programmes: focus of incentives; selection of programme population; granting of incentives; nature of incentives; and mode of implementation. Two new variables were identified from the analysis of different cases, i.e. funding source and nature of programme, adding to the complexity and diversity of a multi-case, multivariate study.

If one were to ask what is the best incentive model for transparency and accountability, the answer is that there are no best models, but rather possible strategies depending on the country context, and national educational strengths and weaknesses, which therefore dictate the kind of incentive needed. As stated above, the study shows that some models may pose greater challenges to transparency and accountability than others (i.e. targeted, decentralized, in-kind programmes). At the same time, these may be the most adequate models for local needs, especially if there are budget constraints, a vast and diverse territory, or demand for food at school. Thus, deliberate actions taken to confront existing risks to transparency and accountability are of more importance than the choice of adopted incentive model. Robust evaluation frameworks, frequent and publicized reports, benchmarking, and channels for active community participation are among the various solutions presented in the above cases that enhance the transparency and accountability of programmes.

Not only is there a shared, universal desire for quality education to be available to all, as soon as possible, but there are also reasons to believe that this goal should be achieved through fair, transparent, and correct policies. If such is not the case, results may not materialize or incentives may end up producing distortions rather than positive changes. Therefore, no matter what the incentives are, or for whom, strong transparency and accountability precautions should be always in place.

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Appendix. Conditional cash transfers around the world

Region	Country	Programme(s)	Government institution	Funding source	Scope	Education conditionalities
AMERICAS	Argentina	Ciudadania Portena	Government of Buenos Aires	City government	Municipal	School attendance
		Jefes de Hogar	Ministry of Labour and Social Security	Central government and World Bank	National	School attendance
	Brazil	Bolsa Familia	Ministry of Social Development	Central government, supported by past loans from the World Bank and the Inter-American Development Bank (IDB)	National	School attendance
	Chile	Chile Solidario	Ministry of Planning	Central government	National	Tailored conditionalities for each family
	Colombia	Familias en Accion	Agency for Social Action and International Cooperation	Government and IDB	National	School attendance
		Subsidios Condicionados a la Asistencia Escolar	Bogotá Department of Education	IDB and Department of Education	Municipal	Attendance, grade promotion, and high school graduation
	Costa Rica	Avancemos	Ministry of Housing and Human Settlements	Central government	National	Attendance and grade promotion

Region	Country	Programme(s)	Government institution	Funding source	Scope	Education conditionalities
AMERICAS	Dominican Republic	Solidaridad	Social Policies Bureau	Central government	National	School attendance
	Ecuador	Bono de Desarrollo Humano	Ministry of Social Welfare	Government and World Bank	National	School attendance
	El Salvador	Red Solidaria	Social Area at the President's Office	Central government	National	School attendance
	Guatemala	Mi Familia Progresa	Department of Executive Coordination, President's Office	Government and World Bank	National	School attendance
	Honduras	Programmea de Asignacion Familiar	Ministry of the Presidency	IDB and World Bank	National	School attendance
	Jamaica	PATH	Ministry of Labour and Social Security	Central government	National	School attendance
	Mexico	Oportunidades	Secretariat for Social Development	Government and IDB	National	Attendance and high school graduation
	Nicaragua	Red de Proteccion Social	Family Ministry	Central government	National	Attendance and grade promotion
	Panama	Red de Oportunidades	Ministry of Social Development	Central government	National	School attendance

Region	Country	Programme(s)	Government institution	Funding source	Scope	Education conditionalities
AMERICAS	Paraguay	Tekoporã	Secretary of Social Action	Government, supported by past IDB loan	National	School attendance
	Peru	Juntos	Ministry of Women and Social Development	Central government	National	School attendance
	Uruguay	Ingreso Ciudadano	Ministry of Social Development	Central government	National	School attendance
	US, NYC	Opportunity NYC	City Department of Education and Center for Economic Opportunity	Various private sponsors	City-wide	School attendance and academic achievement
ASIA AND THE PACIFIC	Bangladesh	1. Primary Education Stipend Programme (Food for Education) 2. Female Secondary School Assistance	1 & 2. Ministry of Education	1. Gov. Budget 2. World Bank loan	1 & 2. National	1 & 2. Student attendance and performance, and school performance.
	Cambodia	Cambodia Education Support Project	Ministry of Education	World Bank	National	Enrolment, attendance, and grade promotion
	India	Conditional Cash Transfer Scheme for Girl Child	Ministry of Women and Child Development	Central government	Some states	School attendance

Region	Country	Programme(s)	Government institution	Funding source	Scope	Education conditionalities
ASIA AND THE PACIFIC	Indonesia	Keluarga Harapan	Ministry of Social Welfare	Central government	National	School enrolment and attendance
	Mongolia	Child Money Programme	Ministry of Social Welfare and Labour	Asian Development Bank	National	School enrolment
	Pakistan	Child Support Programme	Ministry of Social Welfare and Special Education	Central government	National	School attendance and passing final exam
	Philippines	AHON	Department of Social Welfare and Development	Central government World Bank	National	School attendance
	Turkey	Social Risk Mitigation Project	General Directorate of Social Assistance and Solidarity	World Bank	National	School attendance
AFRICA	Botswana	Orphan Care Programme	Min. of Local Government	Central government	National	Unconditional
	Burkina Faso	Orphans and Vulnerable Children	National Council against HIV/AIDS and STDs	World Bank and other donors	Regional	School attendance
	Burundi	Children in Distressing Situations Scheme		UNICEF	National	Unconditional
	Egypt	Ain el-Sira Project (Cairo)	Ministry of Social Solidarity	Ministry of Social Solidarity	Municipal	School attendance

Region	Country	Programme(s)	Government institution	Funding source	Scope	Education conditionalities
AFRICA	Ghana	Livelihood Empowerment against Poverty	Ministry of Manpower, Youth and Employment	Central government	National	School enrolment and attendance
	Kenya	Cash Transfer Programme for Orphans and Vulnerable Children	Ministry of Home Affairs	UNICEF	National	School attendance
	Lesotho	Cash Transfer Programme for Orphans and Vulnerable Children	Ministry of Health and Social Welfare	Central government	National	Unconditional
	Malawi	Malawi Social Cash Transfer Scheme	Department of Poverty and Disaster Management	UNICEF	National	Unconditional
	Mozambique	Bolsa Escola	Ministry of Education	Brazil/Missao Crianca	District (Maputo)	School attendance
	Namibia	Child Maintenance Grant	Ministry of Health and Social Services	Central government	National	Unconditional
	Nigeria	In Care of the Poor	National Agency for the Poverty Eradication Programme	Central government	National	School attendance

Region	Country	Programme(s)	Government institution	Funding source	Scope	Education conditionalities
AFRICA	South Africa (World Bank, 2006; Andrade, 2007)	CCT to Support Vulnerable Children in the Context of HIV/AIDS and Poverty	Ministry of Social Development	South African Government	National	School attendance
	Tanzania (IPC-IG, 2008*a*)	Save the Children	Department of Social Welfare	Central government	National	Unconditional
	Zambia (Andrade, 2007)	Kalomo Social Cash Transfer Scheme	District Social Welfare Office	GTZ (German cooperation)	District (Kalomo)	Unconditional

Source: Author.

Chapter 2
Quintile ranking system, South Africa

Veerle Dieltiens and Shireen Motala

There are two central technical challenges for any redistributional funding system: the first is to ensure that resources reach the intended beneficiaries, and the second is to make certain that those resources are used to improve the conditions of the recipients. The first challenge is essentially a top-down management issue to guarantee that financial mechanisms are in place to prevent fraud and mismanagement of funds, as these trickle down the different levels of administration until they reach the beneficiaries. There is also the matter of defining who are the beneficiaries. The second challenge (i.e. that resources are used by beneficiaries as intended by the government) may also be subject to predetermined accounting practices, but in a decentralized system has the added complication of relying on the decisions of beneficiaries as to how best use the resources.

This case study assesses how the South African Department of Basic Education (DBE/DoE)[1] dealt with these two challenges in its redistribution of non-personnel funding. Non-personnel funding accounts for at most 24 per cent of provincial expenditure (DBE, 2011), but as the DoE has pointed out, 'represents the first systematic effort by the state to bring about pro-poor redress' (DoE, 2003). This was achieved by allocating non-personnel recurrent funding disproportionately across five categories of schools, or quintiles, based on their levels of poverty. The funding policy was set out in the 2000 National Norms and Standards for School Funding (NNSSF) and its provisions were tested and amended in 2006. The policy was reviewed again in 2008, and various alternative options for targeting beneficiaries and redistributing funds were explored. The policy therefore provides a good case study for assessing mechanisms in the targeting and management of pro-poor financing. This case study focuses on the current system, as set out in the 2006 Amended National Norms and Standards for School Funding (ANNSSF), with the possible changes considered discussed later in the report.

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1. In 2009, the Department of Education (DoE) was split into two departments, the Department of Basic Education and the Department of Higher Education.

Data for this case study were sourced from secondary literature, provincial annual reports, and provincial departmental websites. In addition, interviews were conducted with two national DBE officials in the Norms and Standards for School Funding Directorate; provincial departmental officials in Free State, Gauteng, Limpopo, and Mpumalanga; a district official in Gauteng; and five principals in Gauteng and five in the Eastern Cape. The interviews therefore followed the funding chain across a range of rural and urban contexts, and covered a relatively wealthy province (Gauteng) and the poorest provinces (Eastern Cape and Limpopo). This approach enabled a comparison across poverty contexts to ascertain whether the pro-poor mechanisms were having their intended effect, and whether the targeting of schools was transparent across various settings. Interviewees were also questioned on how funding was accounted for and what loopholes arose that allowed mismanagement or fraud. Interviews were conducted with principals in schools that were to benefit from the redistribution of funds, to assess whether pro-poor mechanisms were correctly targeting schools and how the funds were managed at their final destination.

2.1 Description of the quintile ranking system

The NNSSF (DoE, 1998), passed in October 1998, set in place mechanisms to redistribute recurring (i.e. non-personnel) funding to schools on a sliding scale. Schools were divided into five categories, or quintiles, based on their level of poverty (Quintile 1 being the most poor and Quintile 5 the least poor). The formula then apportioned provincial schooling budgets on a 30–27.5–22.5–15-5 progressivity curve: 30 per cent of the provincial schooling budget was allocated to the poorest 20 per cent of schools, while the least poor 20 per cent received 5 per cent of the resources. The quintile system was therefore designed to target the poorest schools so that they receive a greater share of non-personnel funding. The direct beneficiaries were the schools themselves, with learners indirectly benefiting from savings on school fees and improvements in learning conditions. The intention, as stated in the South African Schools Act (SASA) (Republic of South Africa, 1996) was to provide for 'the funding of public schools on an equitable basis in order to ensure the proper exercise of the right of learners to education'.

The funding was unconditional. Schools only had to provide an audit of the previous year's spending to receive the funds. The funds were, however, to be spent on various items: learner and teacher

support materials (LTSM), utility bills, small capital expenditures (e.g. photocopiers and printers), and non-emergency repairs to schools. But the specific details were left to school governing bodies (SGBs) responsible for making budgetary decisions and managing public resources. The DoE described this as:

> a shift from supply-driven service delivery in schooling, where Government decides on how service delivery takes place, to a more demand-driven mode, where local communities gain a greater say in how they would like the service delivery that they receive, to be structured (DoE, 2003).

Since SGBs work closely with the schools regarding financial oversight, the expectation was that they were in the best position to know the needs of the school and to spend resources efficiently.

Because of the vastly different capacities of SGBs to manage money, the non-personnel funds were received either as a cash transfer directly into the school's bank account (in which case the school was classified as a 'Section 21' school in reference to the allocations provided for under Section 21 of the South African Schools Act) or the funding was administered by the district office and the school was given a paper budget from which to make spending decisions (the school then being termed a non-Section 21, or a 'Section 20' school).

Two important legislative changes have been made to the poverty quintile system since 2000. First, in 2006 under ANNSSF, poverty ranking was shifted from a provincial to a national competency. Previously, provinces had determined a school's poverty score based on the school's physical conditions and facilities, school crowding, and the relative poverty of the community served. But the 2003 *Review of the Financing, Resourcing and Costs of Education in Public Schools* (DoE, 2003) pointed out pitfalls in the pro-poor targeting between and within provinces. Inequitable distribution of resources across the provinces was noted with 'concern'.

Poorer provinces (Eastern Cape, Limpopo, and KwaZulu Natal) were found to spend less per capita on education, despite spending a proportionately higher percentage of their provincial budgets on education. Patel (2002) argues that as a consequence of this, learners from poor socioeconomic backgrounds were victims of regional disparities, and that it would be worthwhile for parents in poor provinces to move to wealthier provinces. Furthermore, intra-provincial inequality was found to be high. According to the *Review*:

If more resources are shifted from relatively richer to relatively poorer provinces, it is imperative that the PEDs have in place the necessary mechanisms to make sure that these transferred resources reach the poor in the receiving province, in other words, inter-provincial transfers should directly address the problem of 'intra-provincial inequality (DoE, 2003).

As a result, the 2003 Plan of Action promoted the national ranking of schools to ensure that 'equally poor learners across the country will be subject to the same pro-poor targeting'.

A second change with reference to the quintile system, introduced in the Education Laws Amendment Act (No. 24 of 2005), enabled the Minister of Education to classify schools that serve the poorest communities as 'no-fee schools' (DoE, 2006). The ANNSSF pointed out that 'this is to protect households in the socioeconomically least advantaged sections of society' (2006). From 2007, the poorest 40 per cent of schools (Quintiles 1 and 2) were granted no-fee status, which was extended to Quintile 3 in 2009 (although provincial education departments [PEDs] in Free State, Gauteng, and the Western Cape had already extended no-fee schooling to Quintile 3 in 2008). A pre-specified, minimum amount of funding from the government would compensate these schools for loss of school fees, though provision was made for no-fee schools to charge fees if they received less than the national no-fee threshold (also called the adequacy benchmark) from the provincial education department (DoE, 2006). Quintiles 4 and 5 continued to raise revenue through fees.

The quintile system is therefore a mechanism for ranking schools on the basis of poverty in order to reallocate recurrent expenditure from the least poor to the poorest schools. It is now also used to determine which schools may not charge user fees. It is worth noting that transparency is integrated into the process of targeting and managing the redistribution of non-personnel funds in two ways. First, the quintile categorization is based on objective indices of poverty. Second, at the school level, democratically elected SGBs oversee the school's budgetary processes.

2.2 Programme design and implementation process

The Amended National Norms and Standards for School Funding (ANNSSF), passed in 2006 (DoE, 2006), set out to improve upon the pro-poor targeting methods of its predecessor (NNSSF, 2000) principally by centralizing the process within the national department. The provisions of this policy are described below.

Targeting tables

The first step consists in allocating the amount of non-personnel funding to each quintile. Targets are set annually by the national DBE and worked out on a per-learner basis. These targets are not prescriptive, since provincial governments are responsible for determining education budgets based on total revenue resources available to the province. 'It follows that national norms for funding schools cannot prescribe actual minimal amounts in Rands to be spent per learner, however desirable that may be' (DoE, 2006). An adequacy benchmark for school-running costs, the minimum necessary for a single learner, corresponds to the amount allocated to Quintile 3 schools. Schools falling into Quintiles 1 and 2 receive more than the benchmark while the richer schools (fee-paying schools) collect less.

Table 2.1 shows the per-learner allocations for each quintile from 2007–2010. Column A reflects the percentage funding for each quintile; that is, Quintile 1 is to receive 30 per cent of provincial funding, while Quintile 5 receives just 5 per cent. Column B provides the national target (in Rand) for each learner. Hall and Giese (2008) point out that these are

> pro-poor in that the year-on-year increases in allocations to schools are greatest in the lower quintiles, while increases in the upper quintiles barely keep pace with inflation. The intention is that allocations to the poorest schools will increase disproportionately over time, creating a more even distribution of school resources.

Column C specifies the maximum percentage of learner in each national quintile that could be funded to the no-fee threshold level (DoE, 2006).

Table 2.1   Per-learner allocations for each quintile (2007–2010)

A (%)	2007		2008		2009		2010	
	B	C (%)	B	C (%)	B	C (%)	B	C (%)
NQ1 30.0	R738	100	R775	100	R807	100	R855	100
NQ2 27.5	R677	100	R711	100	R740	100	R784	100
NQ3 22.5	R554	100	R581	100	R605	100	R641	100
NQ4 15.0	R369	67	R388	67	R404	67	R428	67
NQ5 5.0	R123	22	R129	22	R134	22	R147	22
Overall 100.0	R492	89	R517	89	R538	89		
No-fee threshold	R554		R581		R605		R641	

Source: Department of Education (2007).

National poverty distribution table

With the financial calculations done, the national departments distribute the quintiles disproportionately across provinces taking into account their poverty indices. The Treasury prepares a national poverty table (*Table 2.2*) based on household income data. Nationally, each quintile contains 20 per cent of all learners, but the poorest provinces will have a greater number of learners in Quintiles 1 and 2. For example, the Eastern Cape is identified as the poorest province, with 34.8 per cent falling into Quintile 1 (most poor) compared to the Western Cape (least poor) with only 6.5 per cent falling into Quintile 1.

Table 2.2   National poverty distribution table (in %)

	1 (Poorest)	2	3	4	5 (Least poor)	Total
Eastern Cape	34.8	21.6	21.0	11.6	10.9	100
Free State	30.8	14.9	20.1	18.8	15.4	100
Gauteng	10.5	11.4	27.4	27.2	23.6	100
KwaZulu Natal	24.2	18.8	25.5	17.3	14.1	100
Limpopo	34.0	22.3	24.9	11.6	7.2	100
Mpumalanga	26.7	20.2	29.8	19.9	13.5	100
Northern Cape	26.3	17.7	21.6	14.8	19.6	100
North West	22.7	15.2	30.5	20.5	11.0	100
Western Cape	6.5	8.0	23.1	27.7	34.6	100
South Africa	20.0	20.0	20.0	20.0	20.0	100

Source: Department of Education (2007).

The national poverty distribution table is reviewed on an annual basis (in consultation with the Minister of Finance) and updated versions are published when necessary in the Government Gazette.

Provincial resource targeting list

Provinces rank individual schools according to a school poverty score. A resource targeting list sorts all the public ordinary schools in the province from poorest to least poor before allocating them into a quintile (according to the percentage as specified by the DBE). Schools are first linked to a specific geographical area (i.e. the assumed catchment area of the school). The principle, ANNSSF points out, is that 'communities are best served by the schools closest to them' (DoE, 2006). A poverty score is then determined on the basis of three indicators within this geographical area: (i) income, (ii) dependency ratio (or unemployment

rate), and (iii) level of education of the community (or literacy rate). The DoE determines the weightings of the variables used from the dataset.

In order to ensure transparency in determining the poverty score, 'the beneficiaries of the school allocation, for example schools or districts, should never be the source of the data, in order to avoid undesirable incentives to distort information' (DoE, 2006). Data are derived from the national census conducted by Statistics South Africa (StatsSA), or an equivalent dataset, and the methodology is national in order to promote a pro-poor funding framework that treats poor schools equally, regardless of the province they find themselves in (DoE, 2006). Although calculation of the score should be sufficiently comprehensive, it does not include a complete range of possible poverty indicators. Principally, the score should 'be constructed to be as transparent and generally understandable as possible' (DoE, 2006).

Provincial education departments (PEDs) may deviate from using geographic poverty indicators to determine a school's poverty score only where learners from one location are required to attend a school some distance away, either because there is inadequate space at their local school or because 'the local school is suffering severe and temporary problems relating to, for instance, the quality of learning and teaching' (DoE, 2006). The ANNSSF insists that such deviation

> be effected transparently, and uniform criteria must apply to all similar deviations within the province. PEDs must register deviations in a provincial register that provides details on each deviation, including a justification for the deviation. Such a register must be available for scrutiny by the public and monitoring authorities such as the DoE (DoE, 2006).[2]

Schools may dispute the correctness of their poverty score through representation to the head of the department, or apply to have it recalculated using a different formula as long as this is in line with fair and transparent procedures established by the PEDs (DoE, 2006). PEDs review school poverty scores on an annual basis and make the necessary adjustments to affect equity. If schools are likely to be negatively affected by any such changes, then changes need to take place in a phased manner (DoE, 2006).

Because of the sophisticated statistical and financial data needed to implement the norms and standards, the policy noted that departments

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2. The authors were, however, unable to locate such a register during the research for this chapter.

would need to 'recruit, invest in, or develop' a number of personnel including 'at least one, and preferably several, high level, highly skilled strategic financial analysts, several high level accounting experts, and at least one highly trained statistician' (DoE, 2006). Capacity in the provinces varies, but there is normally a Directorate with two or three people who deal with this function.

Provincial funding allocations

PEDs must first determine actual school allocations based on enrolment numbers. This amount is then compared with the amounts budgeted according to national targets established within the medium-term expenditure framework (MTEF). Where there is a credit in the actual amount received by the PED, then the amount can be split to create a smoother distribution curve, 'so that less abrupt per learner funding shifts occur between one school on the resource targeting list and the next' (DoE, 2006). The situation is more difficult, however, in cases where there are insufficient funds to meet the targets.

> [Then] the PED and DoE, in collaboration with National and Provincial Treasuries, must jointly devise a plan for attaining the targets in the earliest possible year. This plan must include details on how, in the interim, the actual budget will be distributed across the national quintiles. Such a plan must prioritize the attainment of targets in Quintiles 1 and 2, and for learners in Grades 1 to 9 (DoE, 2006).

Allocation to schools

The ANNSSF describes the paper trail from PEDs to schools. Provisional allocations are determined three years in advance and schools must be informed of these projections by 30 September of each year. The communication must include a school's quintile status, the national target amount for the quintile, the rationale for the targets, the national no-fee threshold, and an explanation of how the PED arrived at the school's allocation amount (DoE, 2006). Resource targeting lists must be published in the provincial Government Gazette, including school names, poverty scores, and quintile allocation. These lists must be publicly accessible, though the policy is not clear on how to make the lists accessible (they do not appear on provincial websites, for example).

Because the school year starts almost three months before the government's financial year, final school allocations can only be determined after the Provincial Legislature has approved the PED

budget. Schools must be swiftly informed of their final allocations (within two weeks of budget approval) and PEDs should 'strive to ensure' that they deviate little from provisional allocations (DoE, 2006). Data on provisional allocations must be forwarded to the national DoE, which monitors compliance with the policy, makes inter-provincial comparisons, and advises PEDs on best practices (DoE, 2006). PEDs require detailed reports on how school allocations have been used. According to the ANNSSF, 'Reports produced by schools must explain how the spending of the school allocation supports the school development plan, quality education and learner performance' (DoE, 2006). The DoE and PEDs are responsible for monitoring the spending of allocations and finding ways of improving school allocation to further enhance education delivery, including school effectiveness and learner performance.

> Analyses must moreover be produced on the impact of the school allocation on general socio-economic transformation, including black empowerment amongst manufacturers and suppliers of school materials. These analyses and proposals must be widely disseminated to encourage public debate and participation (DoE, 2006).

Given these strenuous reporting requirements, the DoE and PEDs need to ensure that schools have the necessary information, policy, manuals, and tools for 'educating the school community about the purpose of the school allocation' (DoE, 2006). Materials must be available in all official languages and the DoE and PEDs are responsible for training.

The SASA and NNSSF advocate that SGBs should take increasing responsibility for resource management with the transfer of SASA Section 21 duties to individual schools. SGBs apply to the head of department to take on one or all SASA Section 21 functions, approval of which is determined by the capacity of the SGB to manage funds and make educationally sound financial decisions. The aim is for all schools to eventually take on these functions. The three relevant Section 21 functions are as follows:

> Section 21(a) of SASA: To maintain and improve the school's property, and buildings and grounds occupied by the school.
> Section 21(c) of SASA: To purchase textbooks, educational materials or equipment for the school.
> Section 21(d) of SASA: To pay for services to the school.

SGBs with these responsibilities carry out their own procurement and deal directly with suppliers and contractors following standard procurement procedures.

Documents or records must be kept and spending should follow the breakdown in allocations as given by the PED. Non-Section 21 schools rely on the PEDs to undertake resourcing on their behalf. Schools must, however, receive information on the monetary value of the resources they receive (DoE, 2006). The ANNSSF points out that: 'The aim should be to develop the capacity of the school to determine its own resource mix within the policy framework, to ensure goods reach the school on time, and to combat the inefficient utilization of resources, as well as excessive prices for school inputs' (DoE, 2006). Because rollovers from one year to the next are not permitted by Provincial Treasuries, PEDs need to ensure that money is spent in time in order not to disadvantage non-Section 21 schools relative to Section 21 schools (DoE, 2006).

The ANNSSF thus provides fairly detailed and multifaceted procedures for how redistribution of recurrent expenditure is to be effected and accounted for. It recognizes the need to recruit and develop capacity for its implementation and is acutely aware of the requirements for transparency. The following section reviews how the policy prescriptions work in practice and whether they effectively influence the behaviours of service providers and beneficiaries.

2.3   Review of observed intended and unintended behaviours

Targeting schools into quintiles

There are two main concerns over whether the quintile system is able to reach the most vulnerable groups and therefore to hold to its pro-poor promise. First, accurately allocating schools into quintiles is premised on the availability of precise national socioeconomic data. But the preciseness of the rankings is questioned by research, which reveals many anomalies, with different rankings of schools serving the same community and the clustering of schools with vastly different resources into the same quintile. A second concern questions the policy itself, in that the quintile system only considers the physical location of the school and does not take into account learner demographics.

The **first concern** relates to whether national poverty data is accurate, up to date, and can reach the level of the school community. A Mpumalanga provincial official noted:

I think Stats SA used data they pulled out of the 2001 Census. And by the time they gave us that info it was outdated. It no longer reflected the situation on the ground accurately. Between 2001 and 2006, when we started using that data (that system is based on the ward situation), and they said they can't go lower than the ward because then it would start to give out information on individuals. So you would find it wouldn't give you accurate information in all the areas.

Principals interviewed also queried their quintile status. A Gauteng school, for example, was ranked Quintile 4 despite the high levels of poverty in the surrounding area and the low percentage of parents (no more than 25 per cent) that paid the R150 annual school fee. The Principal noted that,

There's two schools in Diepkloof in the same area, a difference of streets – one was Quintile 4, the other was Quintile 1. Then you ask yourself: 'how was this done?' The person was just tossing a coin, head or tails.

Three of the five schools in the same vicinity in the Eastern Cape were ranked Quintile 2, though there was little, if anything, to distinguish them from the two Quintile 1 schools. Research by the Alliance for Children's Entitlement to Social Security (ACESS) in 2008 conducted in three provinces (Eastern Cape, Limpopo, and Western Cape) showed similar discrepancies. As the authors of the ACESS report point out:

Although spatial targeting is an effective way of reaching large numbers of people without the time and expense of screening individuals (as is the case with the fee exemption policy), it is not always precise. The national data source used to determine the poverty score for schools is not able to analyse spatial areas smaller than wards. As such it is not sensitive enough to recognize neighbourhoods of poverty within a larger community (Giese *et al.*, 2009).

A school's proximity to a better-off area may therefore leave it under-resourced and with feelings of comparative neglect and inadequacy compared with its neighbouring schools. The ACESS research notes that, in Limpopo province, proximity to a town automatically designated a school into Quintile 4 despite the socioeconomic status of the learners.

The report also observes the concerns of schools with a relatively higher standard of facilities (sports fields and buildings) ranked as Quintile 4 and 5, but which are unable to maintain those same facilities with the school fees they collect (Giese *et al.*, 2009). A Gauteng

provincial official interviewed pointed out the irony when infrastructural developments meant to uplift poor areas actually adversely affect the quintile ranking of schools:

> Because as this development is taking place to uplift the townships, so it was working against the schools that were being built, because you now had your tarred roads, electrification, piped water, sanitation. All these indicators they were using to categorize because of the development of other pro-poor policies in townships to redress the situation worked against it.

Furthermore, a Human Sciences Research Council (HSRC) study, based on data gleaned from the 2006 Progress in International Reading Literacy Study (PIRLS), points out that:

> while the quintile system may be able to identify schools at the absolute ends of the spectrum, the schools in the middle often look similar and may appear better or worse in unexpected ways. Schools from Q1-Q4 are barely distinguishable in relation to mean proportion of disadvantaged learners in the school. With respect to average proportion of affluent learners, schools in Q1 are actually better off than schools in Q2 (Chutgar and Kanjee, 2009).

Surprisingly, Quintile 1 schools had a slightly higher proportion of affluent children than the national average, while Quintile 4 schools had a higher proportion of children from disadvantaged families. Yet Quintile 1 schools received higher percentages of non-personnel funding. Given the difficulties with the poverty data and the subjective perceptions that schools have about their own status, it is difficult to estimate the overall proportion of schools that have not been classified in the correct quintile.

The **second concern** is that the quintile system is based on redressing inequalities between schools, so funding does not follow disadvantaged learners accessing the least-poor schools. The ANNSSF makes clear the intention: 'The Provincial Departments of Education must, as a first priority, aim to provide schooling to communities in quality schools that are geographically accessible to learners' (DoE, 2006). The funding strategy is, however, disadvantageous to those schools in higher socioeconomic areas that receive learners who probably qualify for full-fee exemption. In the ACESS research, 10 out of the 11 participating schools in Quintiles 3 to 5 questioned their quintile ranking mainly on the basis that the criteria determined by physical location did not take into account learner demographics. The ACESS research also found that PEDs only ever applied this ANNSSF provision when taking into

account the poverty status of migrating learners (where a local school is unavailable or suffers from severe problems) or when schools were forced to merge (in cases where learners numbers have dropped to a point that makes them unviable) (DoE, 2006). The ACESS researchers argue that, 'The failure of the ANNSSF to accommodate this scenario, and subsidize fee-paying schools for accepting poorer learners, requires urgent addressing' (Giese *et al.*, 2009).

The movement of learners out of low-quality schools may also have the unintended consequence of depleting their enrolment and therefore their per-learner allocation, making it harder still to improve quality. The Johannesburg South District (Soweto) has seen an outflow of learners from a number of schools, all seeking better-quality (fee-paying) schools. As a consequence, a number of schools in the district are standing empty. As a district official pointed out,

> When a school has got more learners, it will get more money. But if a school is going down the sink it will cut down on other things. Even with nutrition and Gauteng OnLine, it will always be down.

> Similarly, a Limpopo provincial official explains:

> You'll find a school that is no-fee, Quintile 1, but the enrolment is only 200 – so because the money is based on enrolment they don't have enough money, even though they have the same needs as a school that has more enrolment than them. You'll find that a school is unable to do many things because of low enrolment. It's a disadvantage to those schools with a lower enrolment, but at the end of the day their needs are the same.

The problem is therefore the adequacy of the per-learner allocation, which is compounded by the multiplier effect of learner numbers. As the Limpopo official explains:

> When I compare it with a school in town (where they pay school fees) they can generate more income than NNSSF, compared to the school that relies only on NNSSF.

Conversely, per-learner allocations may act as an incentive for schools to recruit more learners, thus over-burdening teachers and undermining performance. It has also been reported that schools inflate learner numbers, though district offices are expected to make a physical head-count of learners at the beginning of the year to prevent this.

Re-ranking quintiles

Schools may apply to be re-ranked to a different quintile, but there is very little leeway for adjustments as it is assumed that the poverty-ranking lists are based on accurate data gleaned from StatsSA and national limits determine how many learners can be accommodated in each quintile. Data on the number of re-ranked schools are not readily available.

Where schools want to challenge the accuracy of the poverty data, difficulties arise over their subjectivity. The ANNSSF promotes the use of nationally comparative data, but according to the ACESS report the nature of the data sources complicates the issue. In response to a parliamentary question raised in November 2007, the Minister of Education suggested that different data sources may be used in certain circumstances, adding that 'in some cases where wards are socioeconomically heterogeneous, it has been necessary to use lower level socioeconomic data to rank schools'. According to the Minister, provinces also have the authority to take into account specific, pertinent issues when ranking schools. The ACESS researchers note that this 're-introduces subjectivity into the process and inhibits the original intention of a nationwide and objective ranking instrument' (Giese *et al.*, 2009).

Although beneficiary schools are not permitted to provide data for reclassification, ACESS reports that, 'In practice, in most instances where contestation occurs over the ranking of a school, it is the school itself that provides the data to the PED' (Giese *et al.*, 2009). They point to the example of the Eastern Cape where schools were able to have their status changed to no-fee if they demonstrated that a large proportion of their learners qualified for exemptions. 'This approach is problematic for a number of reasons, including the fact that schools can manipulate the proportion of children who qualify for exemptions by increasing their fee amount' (Giese *et al.*, 2009).

During one interview a Mpumalanga provincial official was asked whether the StatsSA data on poverty levels was 'scientifically accurate'. He replied:

> Oh that's a question! There are some schools that complained. They said the information does not necessarily reflect the information on the ground. In such cases we would have to go and observe the area to see whether we agree with them or not. We would also see how we quintiled the neighbouring schools and try balance out the issue on that basis.

The province received about 10 queries every two months. Most want to be shifted towards Quintile 1, in part because of the additional R85 per learner the province offered as 'an incentive', or a 'succession mechanism'.

In Gauteng, 164 fee-paying schools opted to become no-fee (to benefit from the higher state allocation), while 48 Quintile 3 schools (largely ex-Model C schools) chose to remain fee-paying. The quintile ranking of these schools was not changed, only their fee-paying status. They could therefore continue to set their own level of fees. A Gauteng Department of Education (GDE) official explains:

> There's a process they have to follow. They have to have a meeting with the parents; there must be a vast majority of parents opting in favour. They must prove to us that that is the case with minutes of meetings. They must show us they can manage their financial processes. Financial management is a criterion. They must have financial acumen in terms of parents on the SGB. And they can prove that anyhow, because as Quintile 3 they were fee-paying. So now instead of accepting the no-fee status, they have said to us these are the reasons why we opt for fee-paying status.

While most schools opt to move closer to Quintile 1 in order to receive a higher subsidy, once the quota for a quintile has been filled, the opportunity is closed off. Most of the available opportunities are found in Quintile 3 (the most precarious quintile, because schools cannot charge fees, but the state subsidy is lower than for Quintiles 1 and 2). Quintile allocations have for the most part been settled. While the government has insisted on annual reviews of poverty rankings, taking into account learner influx (into certain provinces) and successful appeals for quintile change, Wildeman (2008) points out that respondents in his study argued that poverty levels in communities were unlikely to change yearly, and that the resources and time to undertake such reviews were not available (the poverty table has not in fact been updated for a few years).

Provincial funding allocations

While poverty quintile tables are determined at the national level, funding for schools is determined provincially. This raises two main concerns: whether provincial budgets are sufficient to cover nationally determined quintiles, and whether the per-learner allocations are adequate across different contexts.

The **first concern** relates to provincial funding of the ANNSSF, in particular whether all provinces have the necessary funds in their

budgets. The introduction of no-fee schools has not been accompanied by adjustments to the provincial equitable shares or led to the introduction of a national conditional grant. Increases to school funding must be covered by ordinary changes to the baseline allocations of provincial governments. Poorer provinces therefore have to dig deeper into their allocations to live up to the promises made in the ANNSSF. If they prioritize targets in Quintiles 1 and 2 and learners in Grade 1 to 9 (as stated in DoE, 2006), this may have to come at the expense of disadvantaged learners in Quintile 3.

Ironically, the more economically prosperous provinces have fewer schools in the poorest quintiles and are able to pay out higher learner allocations to the less poor quintiles than expected by the national targets table. Poor provinces feel much greater pressure on their budgets as they account for the larger share of poorer learners in the national poverty quintiles, where schools may no longer charge fees. Simply put, poor provinces are limited in their ability to deal with the less poor quintiles. As the ACESS researchers point out:

> National quintiles therefore have the potential to lead to regressive funding. Although they theoretically address inequalities between wealthier and poorer provinces, it's still possible for wealthier provinces to boost their portion of no-fee schools from their equitable share. This potentially reduces the effectiveness of the national quintile system in targeting poorer areas and redressing national disparity (Giese *et al.*, 2009).

While most provinces have been able to adhere to the minimum national allocation targets,[3] national DBE officials have noted that some provinces have struggled to maintain them in the last few years as a result of budgetary pressures driven by personnel costs. The GDE however has been able to go a step further with its budget, setting aside R11 million (2010/2011) to subsidize school fee exemptions for learners in fee-paying schools. According to a Member of the Executive Council (MEC):

> These measures are intended to offer relief to parents who pay fees and are cross-subsidizing parents who cannot afford to pay fees in fee-paying schools. We believe this concession should also assist

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3. Although provinces are expected to publish poverty ranking tables, a search of their websites found that the tables were either difficult to locate or simply not available. Attempts to locate up-to-date provincial quintile allocations also proved frustrating.

in reducing the level of barriers to access by poor learners in some schools.

The **second concern** relates to whether the national adequacy benchmark is a true representation of the picture across the country. The concept of adequacy refers to minimum resourcing levels that should make possible the attainment of predefined learner standards. A body of evidence emanating from the Education Law Project of the Centre for Applied Legal Studies has consistently shown how the current cost per learner unit is underestimated (Roux, 2003; Veriava, 2005; Wilson, 2004). It is unclear, therefore, how the R554 adequacy benchmark was determined. Wildeman (2008) argues that the Department of Education used the recurrent non-personnel expenditures in Gauteng primary schools as benchmarks when defining the no-fee threshold and adequacy amounts. The use of a standard amount based on an urban primary school represents an under-costing of the expenses carried by rural and secondary schools. Rural schools, for example, incur greater expenses in accessing goods and services; and secondary schools typically have higher running costs than primary schools, especially since they offer a range of subjects with higher material costs. The standard benchmark also disadvantages schools located in municipalities with higher tax rates (Giese *et al.*, 2009).

As Wilson (2004) shows, the Department's own estimates in its Plan of Action for Improving Access to Free and Quality Basic Education For All places per learner costs between R600 and R1,000. The R554 figure seems to have been selected due to budgetary constraints. As the ACESS report points out, 'If one looks at the process of determining and revising target allocations, it becomes clear that the funding norms and standards are more closely tied to affordability than a predefined notion of adequacy' (Giese *et al.*, 2009).

For schools to make up the gap between their departmental allocations and their optimal running costs, they must raise funds. Collecting school fees has, in the past, been controversial and been shown to be the main driver of educational inequality. Motala's (2006) work demonstrates how fees allow high-income schools to achieve better teacher–student ratios and attract better-qualified personnel. She concludes that the fees policy continues to benefit the previously advantaged and a 'new de-racialized middle class'. The ANNSSF document acknowledges the existence of the two-tier system, which developed as a consequence of the fee policy, and views it as an unintended outcome of the policy:

Ironically, given the emphasis on redress and equity, the funding provisions of the Act appear to have worked thus far to the advantage of public schools patronized by middle-class and wealthy parents. The apartheid regime favoured such communities with high-quality facilities, equipment and resources. Vigorous fund-raising by parent bodies, including commercial sponsorships and fee income, have enabled many such schools to add to their facilities, equipment and learning resources, and expand their range of cultural and sporting activities (DoE, 2006).

The ANNSSF makes provision for no-fee schools (Quintiles 1 to 3), in essence consolidating the two-tier funding structure, while at the same time continuing with a five-tier funding formula. This leads to a number of potential complications. Those schools still charging fees will continue to rely on their relative capacity to fund-raise. A likely scenario is that richer schools will simply increase fees to offset lost state allocations, thereby excluding even more of the poor; moreover, there is nothing to suggest that the current policy can reverse this process. The ACESS research suggests that these schools might find it more difficult to collect fees as the no-fee discourse takes root (Giese *et al.*, 2009). A further problem is that fee-paying schools (Quintiles 4 and 5) become more differentiated, with some schools better able to raise fees than others. More worrying, though, are schools listed as Quintile 3, as they receive the minimum as an adequacy amount, yet are being designated as no-fee schools. The Free State provincial official interviewed reported that just one school requested to be returned to Quintile 4 status (after being allocated Quintile 3) because the school was not able to balance its books without charging fees.

In Gauteng, the quintile system is adhered to on paper but in practice has fallen away in favour of two categories: no-fee schools and fee-paying schools. The provinces determine the amounts given to the quintiles (with the national DBE providing minimums). In Gauteng, a decision was made to pay all no-fee schools (Quintiles 1 to 3) the Quintile 1 allocation of R905; fee-paying schools received the Quintile 4 amount of R485. Quintile 4 schools were given the option of becoming no-fee, though their quintile status remained the same, 'for policy compliance sake'. A GDE official explains the reasoning behind this decision:

> Simply because for a no-fee school to try to operate at a Quintile 3 adequacy amount, they would not cope. What we've done is because the compensation for school fee exemptions hadn't been

gazetted when this decision was taken, we opted that these schools would get that kick-back in the adequacy amount.

Furthermore, because a large number of learners migrate between home and school in Gauteng, school location is clearly not a good indicator of the socioeconomic status of learners. Free State was also trying to close the gap in subsidies given to Quintiles 1, 2, and 3 schools. In 2010, the per learner allocations for Quintiles 2 and 3 were the same, and simultaneously the large number of requests for reallocation to a more highly subsidized quintile fell.

Administering transfers to schools

Schools are meant to receive a draft allocation letter by 30 September of each year, so as to be able to consult with their SGBs to develop budgets in time for submission to the department on 30 November. If they are fee-charging, they need the consent of a majority of parents at an annual general meeting to increase the amount of fees to cover any shortfall. The indicative amounts are just that, indicative, based on learner numbers for the current year. Where learner numbers are in flux these represent either under or over-estimations and the final allocation letter is issued as soon as numbers have been confirmed (the districts do a headcount check in every school). However, the principal of a Gauteng school located near a developing area said that the additional 100 learners who arrived at her school after the school year started, went unbudgeted.

The five principals interviewed in the Eastern Cape reported that the amount actually transferred into schools' accounts did not always correspond to the amount promised. The ACESS research in Limpopo similarly found that of the eight participating schools, only one received a transfer of funds equal to the amount on the final allocation letter. The remaining schools appeared to receive the amounts reflected in their indicative letters, rather than what was in their final allocation letter (Giese *et al.*, 2009). The transition from fee-paying to no-fee schools has also created cash flow problems for schools. While it is accepted that fee income in poorer schools is variable and erratic, it provided a cash base.

Because the school year begins almost three months ahead of the financial year, schools have to plan well in advance for the final allocation (paid towards the end of the school calendar) to cover costs into the first few months of the year. The ACESS research points out that confusion over the financial year versus the academic year left some schools believing that they had to spend all of their funds by the end of the academic year (December). They complained that when money

arrived late (July/August), they were forced to spend it within four months to avoid losing it. This misunderstanding could leave schools without resources for several months of the year. It also shows the need for a clear communication campaign on the part of the DoE, to clarify what is expected of schools (Giese *et al.*, 2009). A Gauteng principal said she had to rely on credit from suppliers, especially at the beginning of the year.

> This year, I had to say we will buy the stationery, but when it comes to textbooks we will delay a little bit. So we don't end up with zero in our account until we get the allocation ... for this year.

There is some flexibility on shifting amounts, but permission has to be sought from the district director. As a Gauteng principal explains, 'if I decide I don't have enough here, I need more for LTSM, then I have to write a letter of deviation to the director.' In the case of this school, deviations were mainly needed for toilet maintenance. As the school had just eight toilets for almost 1,600 learners, the allocation given was thus inadequate. She explains,

> Last year, the department deposited R50,000 to be able to pay those bills. We ended up writing a letter to the head of the department 'here I am as a school, I can't afford to pay the water because of one, two, three' ... and then the money came.

Further administrative complications have arisen over the management of Section 20 and Section 21 allocations. Although Section 20 schools tend to lack financial and accounting capacity, and therefore have their allocations managed for them by the district office, they are also the schools that lose out when money is rolled back to the national department because they have not followed the protocol to access funds. According to the ACESS researchers,

> The research highlighted the need for allocation letters to include a clear breakdown of the amount held in paper budget vs. the amount transferred into the school's account. Schools need to know exactly how much money to expect in their accounts so as to be able to monitor fund transfers. And they need to know what money is available to them in their paper budgets. Without this clarity, many Section 20 schools were under the impression that they received less money than Section 21 schools, because they were not clear on the amount of funds available in their paper budgets (Giese *et al.*, 2009).

The Free State interviewee pointed out that the quintile system was less of a quandary for schools than the matter of whether they had

full Section 21 functions. Specifically, senior provincial management had kept the allowance to buy LTSM from the most recent Section 21 schools (50 per cent of their allocation). She explains:

> Senior management feels that the Section 21 schools don't spend their money accordingly .... And if there is an investigation into the school – or they complain about LTSM – and it comes out that they haven't got textbooks and so on. And then they say they can't afford to buy textbooks, they only buy one or two and then make photocopies of that.

A Johannesburg South District official similarly argued that although schools preferred to have full Section 21 functions, this opened up opportunities for fraud. Schools could, for example, submit inflated invoices for auditing.

Managing the allocation at school level

The responsibility of the SGB is clearly linked to financial management. The stated policy position presents governance as a form of empowerment:

> [G]overnment sees the school allocation as a key means of empowering school communities, and realizing democracy at the level of the school. It is important for the local level to participate in decision-making relating to what non-personnel inputs to purchase for particular schools. For this reason, government supports the gradual transfer to the school level of decision-making powers relating to the school allocation (DoE, 2006).

While SGBs potentially could operate as spaces for civic participation, several critics have argued that governance functions have only devolved schools' responsibility for finances and quality, but without necessarily democratizing their management. Roux (2003) and Wilson (2004), for example, question whether parental participation, like voting on budgets and school fees, amounts to substantial participation. A more immediate concern, however, is whether SGBs have the capacity to fulfil budgeting functions. As a Gauteng official put it,

> If you look at the South African context, we have a larger percentage of our population that does not have the education to drive the legislation as they ought to drive it. They don't have the financial acumen, they don't have the policy-making acumen to develop policies in the schools. It's done by educators. So whilst in the legislation it looks good, in practice it's not happening in most of your schools. Now you train a group of parents and because of the

tensions that exist and the principal or educators being the learned people, you have these tensions that arise and dysfunctional SGBs. So instead of them being three years in the schools, the turnover of SGBs ... whilst you're training an SGB on finances in a year's time you could have an entirely new SGB.

The schools interviewed confirmed that they had received financial training on budgeting and record keeping, though one principal argued that much more was needed than what he described as 'microwave training'.

A further concern is whether SGBs possess sufficient knowledge on which inputs would make a difference to quality education. This is complex terrain, yet the ANNSSF makes frequent references to quality as captured by the following statement: 'Moreover, the school allocation is primarily and exclusively intended for the promotion of efficient and quality education in public schools' (DoE, 2006). A Limpopo provincial official interviewed noted that in most cases in which mismanagement of allocations had been picked up, the problem was not fraud, but rather that schools were not spending as prescribed, 'they don't know how to spend the allocations'. For example, schools had spent money on renovations to the school (a responsibility of the Department's Infrastructure Directorate). According to the GDE official,

> Again it gets down to the role that the SGB plays. In terms of the current status, in the former model C schools, we have SGBs who, because of their professional status and level of education, want to almost run the school and want to become the principal of the school. So we have a different type of conflict in these schools. In the township schools, you have illiterate parents and the educated workforce as the teaching component. And the teaching component is fewer than the parent component on the SGB. So you have different types of tensions. And invariably, the principal takes over and runs the school and runs the SGB and does everything his or her way.

Schools manage their expenditure in a variety of ways. One principal had purchased a computer with the non-personnel allocation, making a significant difference to financial efficiency, but most schools use a manual system: requisition book, cashbook, and reconciliation book. A Limpopo official admitted that,

> the filing is not in order. Those handling administration, they are not well trained or never been trained. The principal will nominate them to do 1, 2, 3, just because you are teaching accounting.

Lack of financial and administrative capacity is cited as the main problem at both district and school levels. Practice, therefore, is out of step with the ANNSSF requirement that schools report on expenditure in line with the school's development plan. The idea is, however, to build SGB capacity and incrementally work towards this goal.

2.4 Transparency and accountability mechanisms

The DBE has a relatively clean-cut image. It has received complete audits in the last five years, and according to Transparency International, 'The risk of corruption is perceived as low in the relationship between the Department of Education and the provincial departments of education, due to systems and processes with clear checks and balances in place to limit abuse' (Døssing *et al.,* 2011). Budgets and financial flows are seen to be transparent; 'partly due to the effectiveness and functional independence of statutory bodies, such as the Auditor General and the Fiscal and Financial Commission that ensure constant monitoring on allocation and expenditure of state finances' (Døssing *et al.,* 2011).

Provincial departments of education, however, have had far less success in accounting for spending. Of the nine provincial departments of education, only three were given clean audits for the financial year 2009/2010: the Western Cape, Gauteng, and KwaZulu-Natal; and the North West and Mpumalanga were ranked among the worst performing (Boyle, 2010).

In a report based on risk assessment workshops held during 2009–2010 with provincial directorates, all five education districts, four FET colleges, and 11 schools, the Free State DoE noted that over or understatement of departmental financial statements resulted from decentralized offices failing to implement all LOGIS (a computer accounting package) processes, and failure to do monthly reconciliations on assets and commitments. Furthermore, over and/or under-spending of the budget was caused by: items ordered, but not delivered within the financial year; incorrect allocation against the budget; and insufficient budget. Service-delivery of LTSM was noted as unacceptable (FSDoE, 2009).

The Auditor-General's report of the Eastern Cape Department of Education (ECDoE) for the year ended 31 March 2010 was scathing. It concluded that:

> the system of internal control was ineffective. The key root causes
> for these weaknesses are lack of appropriate capacity and expertise

at correct levels, lack of will at senior levels to enforce best practices, non-compliance with management policies, lack of appropriate policy framework for managing outsourcing arrangements and also lack of a proper document management system (ECDoE, 2011).

It also points out that:

the department did not implement the risk assessment strategy and fraud prevention plan, nor did it have a risk committee in place for the financial year under review. This may have contributed to an increase in the number of fraudulent activities taking place within the department which are under investigation (ECDoE, 2011).

In response, the ECDoE reported that it had introduced regular, extended Finance Committee meetings in districts, as well as linked procurement and budget controls in districts. In addition, Circuit Financial Committee meetings were held each month to report on the use of school budgets and the financial management training of district officials (ECDoE, 2011).

The primary accounting mechanism at school level is annual independent audits (conducted by auditors hired by the school). The audits, though, are generally a simple accounting exercise. The Limpopo official points out:

the audits don't indicate if the school is qualified or unqualified. They are showing the financial position of the school. There are no action plans or raising issues of what the school is doing right or not ... They don't do it like us where the auditor general gives a letter on where we must improve. So we said we must sit with the principal and finance officers and discuss this.

The GDE official underlined similar problems:

Whilst we require from them an audited financial statement on an annual basis, what we are finding is that the auditors are not auditing the schools in terms of the educational context. They are only auditing in terms of the general accepted accounting practices. So they are not auditing the school to see if the money is expended in a particular cost centre, whether these costs are applicable to a cost centre. 'Did they bring in three quotes? Did they do this?' But whether you brought in three quotes for burglar bars or X. They are not looking at that.

As a result, the GDE in 2009 developed financial regulations and a standard chart of accounts. It provides guidelines on how to audit a school to encourage consistency across the province. Currently, the

GDE official notes, 'Schools are using different financial frameworks. You go into this school and it's a very basic one; this school and they've got hidden accounts etc. The auditors are not picking up these things.' The standard chart of account first had to be approved by the state law adviser and is set to be presented to the Gauteng Legislature.

Weak systems of financial control make it particularly difficult to pick up on cases of fraud. The Eastern Cape *Annual Report 2009/10* notes that fraud is found especially in the procurement of services at school level. Furthermore, the 'profile of fraud and corruption perpetrators is diverse as they come from all walks of life, economic circumstances and social classes. Consequently, an increased level of complexity of fraud and corruption has been observed lately' (ECDoE, 2011). The capacity of the department to identify and prosecute cases is noted as a limitation.

A Free State provincial official and a Gauteng district official both pointed out that cases of financial mismanagement were most often reported by whistle-blowers:

> You might find the SGB is at fault and the principal will write a letter or the SGB will say the principal is mismanaging funds. Or parents they will say 'I saw 1, 2, 3 at the school: Can you please assist?'

Cases range from petty cash issues to tender kickbacks. Transport costs were highlighted as a particularly difficult expenditure to verify. When fraud is suspected the district or province will send in a team to conduct a forensic audit. As the Free State interviewee explained,

> you have to ask to see the books because you can't see it on an income and expenditure statement. They can lie any time. People can put anything down on paper and I will believe it because I don't investigate their books every month. But it comes out if there's a whistle-blower.

The GDE has in place a call centre to encourage such exposure and to receive complaints from schools and the public including those relating to resourcing (Gauteng Department of Education, 2010).

2.5 Latest proposals and indications of best practices

Since 2008, the ANNSSF has been under review (Blaine, 2009) and a consultation process with various stakeholders has been in process. The nuts and bolts of a new funding proposal are currently being developed. The options take into account the three main difficulties experienced in implementing the ANNSSF: (i) national data has proved ineffective for ranking schools; (ii) the distinguishing features between

the poorest and the least poor schools (especially in relation to the socioeconomic make-up of the learner population) have become less pronounced; and (iii) administrative and financial capacity, especially at lower levels, is weak. Essentially, the idea under consideration is to hold to a redistributive pattern, but simplify the formula from a quintile categorization to another form.

The proposal is to collapse Quintiles 1, 2, and 3 into a single category funded at the same level. Quintiles 4 and 5 (fee-paying schools) would then be targeted by an alternative system, based on their ability to collect fees. 'So we are looking at what the schools are charging and what they are receiving as an indicator of the relative poverty and how to distinguish between schools,' explain national DBE officials. Physical location (the poverty rates of the surrounding community) would no longer be a determining factor for funding allocations. Fee-paying schools will therefore receive differential allocations (although an alternative option also being considered is to peg all fee-paying schools at the same allocation level). Fee-paying and non-fee-paying schools will be given the opportunity to opt-out of their categorization. According to the DBE officials, 'At the end of the day it will be a much simpler thing to administer for provinces, as well as for us'.

The DBE is currently requesting additional funding from the National Treasury in order to implement the new proposals (since Quintiles 1, 2, and 3 will each receive 25 per cent of the budget and Quintiles 4 and 5 will also get more money, the proposal depends on extra forthcoming funding).

2.6 Conclusions and recommendations

Decentralizing resources to local entities: empowerment or disempowerment?

The South African experience comprises a federal system with nine provinces and devolved responsibility to the provinces for the administration and management of schooling. While the implementation of the direct cash transfers to schools is important, in terms of the no-fee policy (Quintiles 1 and 3) one of the major concerns raised is that the introduction of this policy has not been accompanied by adjustments in the provincial equitable shares, or led to the introduction of a national conditional grant. The current situation results in poorer provinces feeling greater pressure on their budgets, since they have the larger proportion of poorer learners in the national provincial quintiles where

schools no longer charge fees. Therefore, there needs to be greater alignment between national school-funding policies and provincial capacity to deliver on those policies.

Devolution of responsibilities to provinces and schools has not been accompanied by administrative efficiency or the empowerment of schools to deal with these devolved responsibilities. The research conducted for this study has shown instances in which money allocated from the national to the provincial level has not reached the schools. For example in the Eastern Cape, the allocation for a specific year in the late 2000s only reached the schools in December of that year. Specifically, much greater administrative efficiency is required to ensure that schools receive their allocation in good time. The district level authority needs to be clearly defined in this process.

At the school level, it is crucial to prioritize the ability of schools to comprehend and implement the policy, understand the implication of the cash transfers to the schools, and ensure that they are used in the most cost-efficient way. This means that proper training has to be provided to SGBs and school management teams and if necessary, more professional capacity must be deployed to schools to ensure proper, transparent, and effective use of funding. The roles and responsibilities of school-level personnel, while broadly specified, should allocate specific responsibilities to the principal, which could also provide more direct guidance for his or her role in this regard. This will also reduce the possibility of corrupt practices.

Linking equity and quality

In order to meet the overall commitment to linking redress to equity, learners at schools need to have meaningful access to learning. School allocations need to take account of what the allocations are being used for, and clearer strategies must be put in place that link cash transfers and funding to equitable access to quality value.

Better targeting of the most vulnerable groups

The case study research for this work and other outside research are beginning to illustrate a much more complex typology of schooling in South Africa than is currently addressed by poverty ranking by quintile. A weakness of the current typology is that the two main criteria are the poverty of each school and the poverty of the community. What is clear from this and other research is that complex patterns of migration exist, which means that children in specific schools are not necessarily from

that local community, but are often poorer children from other districts. Moreover, there continues to be a small, but important, percentage of the overall school population in South Africa that may not be benefiting from these allocations at all because these children are not attending school. These are the deeply marginalized, those in severe poverty, who also lack access to social grants. A much more complex and nuanced poverty-ranking instrument needs to be put in place that is learner-based rather than school-based, one that identifies more clearly the most vulnerable learners who are in greatest need.

Improving accountability across the system

There continues to be a tendency to 'pass the buck' when consideration is given to the situation of poor learners. Across the system, much greater accountability is required for the allocation and disbursement of funds. Financial mismanagement, corruption, and lesser forms of administrative efficiency all point to an absence of systemic alignment between levels, and insufficient leadership and transparency across the system. The schools' governing bodies need to be made aware that they are the overseers of the school funding provided by the provincial government, and thus need to be held accountable for its disbursement. Internal control systems are often inadequate, leading to non-compliance with policies. Risk assessment strategies are limited and there is often insufficient documentary evidence to properly understand where mismanagement or corruption is taking place. Accountability needs to be improved across the system, with severe penalties and consequences for those who are not fulfilling their responsibilities. Consequences must include legal and criminal charges, if necessary.

Improving capacity-building

Many of the identified problems relate to an absence of capacity-building at different systemic levels. The skills required include a proper and detailed understanding of the policies and possibilities in terms of their implementation, technical skills in terms of implementing policies and their monitoring, and proper accounting and financial skills for the effective disbursement of funds. Multi-faceted capacity-building must be implemented as part of a broader developmental strategy. In particular, attention must be paid to the effective management of resources at the local level. More specifically, the development of training materials in different languages is needed, taking into account different education levels and literacy, so that training meets the context-specific needs of the recipients.

Greater community participation involvement and civil society engagement

Various calls have been made over the last decade for schools to be centres of community life. In many ways, schools continue to be isolated from the communities in which they are located. Parents, in particular, feel disempowered in terms of active participation in schools. Yet, there exist many important rules and regulations that should better facilitate community and parental participation. Current legislation should be implemented and, if necessary, reviewed to ensure greater community participation. Active attempts need to be taken to ensure that the broader community feels a sense of ownership of schools and actively participates in ensuring accountable practices, transparency, and compliance with policies.

The two-tier system in public schools

It is commonly accepted that South Africa has experienced great success in terms of its school-funding policies and through cash transfers to schools. What continues to persist is the enduring presence of inequity in the public schooling system because of the presence of user fees. Much more attention needs to be paid to ensuring adequacy in terms of public funding. In addition, the indirect costs associated with schooling, such as uniforms, nutrition, and transportation, require urgent attention.

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Chapter 3
CESSP Scholarship Programme, Cambodia

David Towers

The Cambodia Education Sector Support Project (CESSP) was developed as part of a World Bank loan, which provided support to the Royal Government's Education Sector Support Programme. The project was aimed at expanding access to and improving the quality of primary and lower secondary educational services. It was divided into three components, namely: (i) enabling equitable access to education; (ii) supporting education quality improvements; and (iii) providing assistance to the Education Sector Support Programme. One subcomponent of the first component was entitled, 'Reducing Access Barriers for Disadvantaged Children'. Its main objectives were to increase enrolment rates and to reduce repetition and dropout rates of poor and disadvantaged children at lower secondary level. It involved setting up the CESSP Scholarship Programme (CSP). The CSP ran for five school years, from September 2005 to July 2010, with an initial budget of US$5,840,256 (MoEYS, 2009).

At the inception of the CSP, a number of existing incentive schemes were already operating across the country, including the Royal Government of Cambodia's Priority Action Plan (PAP12), the Japanese Fund for Poverty Reduction (JFPR), and the Basic Education and Teaching Training (BETT) project of Belgian Technical Co-operation. The CSP, JFPR, BETT, and PAP12 programmes were evaluated numerous times between 2005 and 2010. The results of these evaluations were provided to all stakeholders involved in running scholarship programmes in Cambodia within the framework of the annual National Scholarship Dialogue (NSD). The lessons learned were reviewed during these workshops and then summarized (Towers, 2010) and included in a draft Secondary Scholarship Policy that was adopted by the Ministry of Education, Youth and Sport (MoEYS) in September 2010.

The CSP initially worked closely with these other programmes in order to benefit from previous lessons learned. Their intention was to create a single, cohesive, and consistent MoEYS-run scholarship programme. Given that all of the programmes were very similar in design, the CSP took over management of the BETT and JFPR programmes in 2007–2008. At that time, the World Bank became the sole donor. Both

BETT and JFPR channelled their funds into other education initiatives in Cambodia.

Data collection for this case study involved reviewing official CSP documents, available studies, and evaluation reports, which are referenced throughout this text and listed in the References. These information sources focused mainly on how the CSP operated, particularly regarding its targeting and management processes. The questionnaire developed by IIEP for this study was answered by the author, and was then sent to the CESSP Chief Technical Advisor to be validated. The author of this case study was employed as the CESSP Scholarship Advisor between November 2007 and May 2010. Thus, the answers provided in the questionnaire draw upon his knowledge gained while working with CSP officials, conducting school monitoring visits, carrying out an extensive evidence-based planning exercise to formulate MoEYS's Secondary Scholarship Policy, and reviewing the CESSP LMC Implementation Manuals (CESSP, 2007; CST, 2006).

3.1 Description of the CESSP Scholarship Programme

This section attempts to outline the target population, geographic scope, and programme size of the CSP. When reading this section, one should be aware that Local Management Committees (LMCs) were set up at the lower secondary school level to administer the CSP. These bodies were established to oversee the implementation of the CSP and to ensure a transparent structure for the distribution of scholarship funds to the beneficiaries.

Geographical scope

The CSP targeting mechanism was designed to select LMCs at lower secondary schools in the poorest areas of Cambodia. In practice, this meant that LMCs were established only in rural and remote areas. This was justified by the fact that, in the school year 2005/2006, the transition rate from primary to lower secondary was 94 per cent in urban areas, 77 per cent in rural areas, and 65 per cent in remote areas (MoEYS, 2011).

Target population

The CSP target population was children, particularly girls, from poor families in Grades 6 to 9 at lower secondary school. The targeting process was designed to ensure that approximately 60 per cent of the beneficiaries were girls. The children of families that included an

employee of the Royal Government of Cambodia (RGC) were excluded from the programme.

Programme size

The CSP was responsible for between 100 and 312 LMCs. Initially, in 2005, 100 lower secondary schools were selected to have LMCs, and another 50 schools were added the following year. The CSP took over running the BETT and JFPR programmes in 2007. This meant that another 162 LMCs were added, making the CSP responsible for the distribution of scholarships to 312 LMCs. *Table 3.1* shows that by October 2007, the CSP was active in approximately one-third of Cambodian secondary schools in Grade 7 to Grade 9 classes. Most LMCs were located in lower secondary schools. However, a few LMCs also functioned in other secondary schools.

Table 3.1   Percentage of MoEYS lower secondary schools in CSP

Total number of secondary schools	1 321
Number of secondary schools teaching Grade 10 to 12 only	368
Total number of secondary school less number teaching Grade 10 to 12 only	953
Total number of CESSP schools in 2007–2008	312
Percentage of secondary schools teaching Grade 7 to Grade 9 covered by CSP	33%

Sources: MoEYS website; CSP Scholarship Management Information System.

The quota of scholarships awarded to each LMC was for approximately 30, 60, or 120 beneficiaries, depending on the size of the lower secondary school. CSP beneficiaries were either awarded a US$45 or US$60 annual scholarship, which was conditionally transferred dependent on school enrolment and good attendance.[1] A total of 37,555 beneficiaries received at least one stipend between 2005 and 2010. *Table 3.2* shows the number of new entrants between 2005 and 2007, and that the application process ceased after the 2007/2008 school year. Regarding the October 2007 disbursement, *Table 3.3* shows that 5 per cent of the Grade 7 to 9 student population in Cambodia received a CSP stipend.

The number of scholarship stipends received from the beneficiaries varied between 11,358 and 87,327 at the peak during the 2007/2008 school year. The total scholarship funds provided each year ranged from US$197,460 in the initial year to US$1,618,360 in 2007–2008. *Table 3.4*

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1.   The JFPR also provided US$90 scholarships at the LMCs in which they operated.

details the figures for all five years of the programme. When considering the number of stipends, it is important to note that a beneficiary could receive three stipends in a school year, from Grade 7 through Grade 9, if he or she did not drop out of the programme. The annual dropout rate varied between 12 per cent and 16 per cent.

Table 3.2   Number of new beneficiaries

Year	2005	2006	2007	Total
Total Grade 7 incl. BETT	3 727	6 356	17 419	27 502
Total Grade 8–9 BETT and JFPR			10 053	10 053
Total				37 555

Note: This table shows the number of new beneficiaries who were awarded scholarship in October. No new beneficiaries were included after October 2007.
Source: CSP Scholarship Management Information System.

Table 3.3   Percentage of lower secondary enrolments that were CSP beneficiaries

Number of CSP beneficiaries in October 2007	31,469
Population enrolled in lower secondary school	62,005
Percentage of student enrolment that were beneficiaries	5%

Source: CSP Scholarship Management Information System.

Table 3.4   Stipends received by beneficiaries

Information	2005–2006	2006–2007	2007–2008	2008–2009	2009–2010	Total
Number of stipends	11 358	26 685	87 327	51 361	28 420	205 151
% Received by girls	75%	70%	67%	64%	64%	67%
Amount received in US$45 category	85 110	200 715	608 610	369 470	210 245	1 474 150
Amount received in US$60 category	112 350	274 740	909 330	533 280	303 735	2 133 435
Amount received in US$90 category	0	0	100 420	43 010	0	143 430
Total amount of scholarship money received	197 460	475 455	1 618 360	945 760	513 980	3 751 015

Note: Potentially a student would receive three stipends in one school year if he/she did not drop out. In school year 2007–2008, the BETT and JFPR Scholarships were incorporated into the CSP.
Source: CSP Scholarship Management Information System.

3.2 Programme design process

The World Bank Scholarship Team provided technical support to assist the CSP and MoEYS in planning the implementation of the programme in the first year. This team proposed certain design features to ensure adequate monitoring of scholarship effectiveness, and that the impact evaluation studies were internationally comparable with other similar World Bank supported cash transfer programmes. Their work involved reviewing draft copies of the operational manuals, monitoring the CSP, and conducting a number of evaluation studies.

The Directorate General of Education was responsible for the overall coordination of the General Education scholarship programmes, management of major scholarship programmes, and the coordination of the CSP operational procedures with other scholarship programmes. The Department of Secondary Education was responsible for the management of the CSP and other MoEYS scholarship programmes. District Offices of Education (DOEs) were responsible for coordinating scholarship management within the district. This included identification of the commune(s) to be serviced by each scholarship-funded lower secondary school, identifying the feeder primary schools, and providing scholarship candidates for each lower secondary school.

The CESSP Scholarship Team (CST), within the Department of Secondary Education, supported and supervised the implementation of the CSP by providing training to the provincial, district, and CESSP staff, and overseeing the training of feeder schools and LMCs. The CESSP Project Coordination Office was responsible to the Project Steering Committee of CESSP for achieving agreed-upon objectives. It supervised and coordinated all CESSP-funded activities in accordance with the project's Development Financing Agreement (DFA), and accounted for the disbursement of all project funds, including scholarship funds. The staff of the CESSP Provincial Team (CESSP-PT) within the Provincial Office of Education (POE) was responsible for managing the scholarship programme at the provincial level. The CESSP-PT consisted of the POE Coordinator, the POE Accountant, and in the selected provinces, the School Effectiveness Coordinator.

LMCs were established at each eligible school to coordinate the participation of lower secondary school (LSS) staff and community, directors of the feeder primary schools, the commune and DOE management in the effective selection, and the management of scholarship-funded students. The composition of the LMCs included

the director or deputy director of the secondary school (chair), one community representative from the secondary school, a school parents association member (vice chair), the director or deputy director from one of the primary core schools (member), the accounts secretary of the secondary school (treasurer), one female teacher from the secondary school (member), the chief or vice chief of the district education office (advisor), and a commune council representative (advisor). LMC membership was instructed to prioritize female candidates for committee positions whenever possible.

The key tasks of LMCs were to administer the CSP and monitor the attendance and performance of the beneficiaries. LMCs met once a month and were responsible for the following tasks: monitoring the application process in the Grade 6 feeder school classrooms; managing the applications process and scoring the application forms; organizing the disbursement of stipends to beneficiaries; reviewing and resolving complaints from parents and the commune about the implementation of the CSP; monitoring the attendance and academic performance of beneficiaries; reporting on the beneficiaries' performance and the distribution of scholarship and operational funds to the CST; and conducting home visits to monitor the situation of beneficiaries who were absent for more than three days, or who performed poorly in school.

Finally, primary 'feeder' schools were responsible for undertaking an awareness campaign to ensure that each Grade 6 student at the school, together with his or her parents, were informed about the CSP. The school directors were also responsible for informing those who had completed Grade 6 in the previous two years, but who were not currently enrolled in a secondary school. The schools had to give each eligible person the opportunity to apply for a scholarship and instruct them as to how to complete the application form correctly.

Funds were sent to the LMCs in September, December, and April. To initiate this process, the LMCs informed the CST of how many beneficiaries were still eligible for a scholarship stipend at their secondary school. The CST verified this information in conjunction with the Finance Department of the CESSP PCO. The PCO then arranged for funds to be sent to the CESSP-PT based at the POE, who then collected funds from the Provincial Treasury or a local bank. These funds covered the LMC scholarship requests, LMC operational expenses, and CESSP-PT operational costs. The CESSP-PT then invited the LMCs to come and receive their funds for the next quarter.

Figure 3.1 summarizes the overall structure of the programme.

Figure 3.1   Simple CESSP scholarship programme organigram
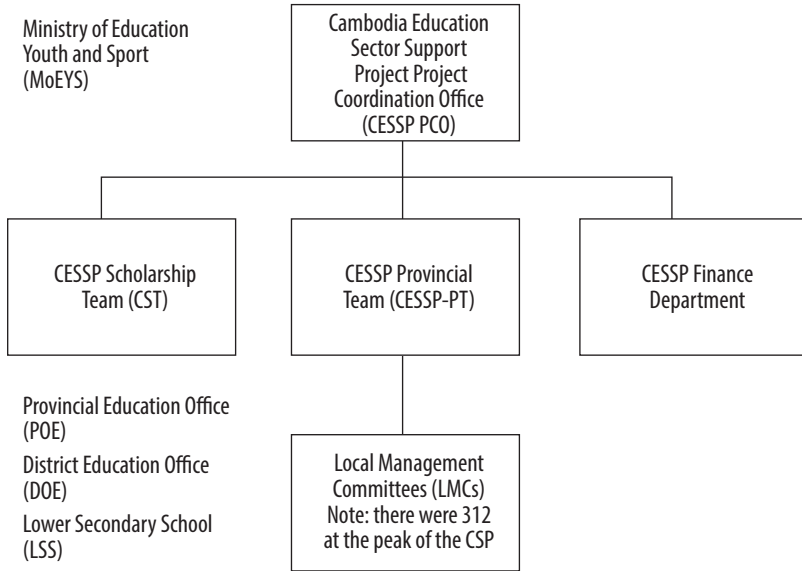
3.3   Targeting mechanism used to select beneficiaries

The targeting mechanism used to select beneficiaries comprised three stages. In the first stage MoEYS selected Lower Secondary Schools (LSSs) to become Local Management Committees (LMCs). The second stage involved selecting beneficiaries from primary feeder schools that supplied the LSS. In the final stage the LMCs scored the application forms to select beneficiaries.

School selection to become LMCs

The selection of LSSs to become LMCs was completed in two stages. In the first stage, MoEYS selected schools throughout the country to participate in the programme based on whether the poverty rates in the areas served by these schools were high and, by implication, secondary school enrolment rates were low. This data were gathered from various sources, and included a poverty map derived from the combination of the 1995 Cambodia socio-economic survey with the 2000 National Census, as well as other administrative data. If it was known that a school was

covered by another scholarship programme, such as JFPR, the school was excluded from the selection process. In the second stage, all primary 'feeder' schools were mapped to the selected schools in which LMCs were to be created. If a primary school had sent any graduates to a given secondary school in recent years, it was designated as a feeder school.

Primary feeder school application process

The directors of each primary 'feeder' school ran a campaign in May of each year to raise awareness about the value of education and the scholarship programme in general. The CST developed the posters and announcements. The primary school directors were then responsible for ensuring that each Grade 6 student, in the last year of primary school, filled out an application form for the CSP. This was done regardless of whether or not the child or his/her parents had expressed an interest in attending secondary school. The director was also responsible for assembling students who had completed Grade 6 in the last two years, but were not currently enrolled in secondary schools, to give them an opportunity to complete the application form. Every student had an opportunity to apply in May before enrolling for LSS in September. This proved to be an effective way to guarantee that everyone had an opportunity to apply, even though it increased the cost of the application process.

The application form illustrated in *Box 3.1* contained 17 questions that were easy for Grade 6 students to answer and for other students and teachers to verify. These questions related to gender; household size and composition; parental education; characteristics of the home; availability of a toilet, running water, and electricity; and ownership of a number of household durables. They were highly correlated with the probability of school dropout, as indicated by an analysis of recent nationwide household surveys.

The application forms were filled out in school in a single day, and the teachers provided guidance and explained each question. The teachers made the students aware that they should answer the questions truthfully. The students were also informed that the MoEYS would carry out checks and that anyone who cheated on their application form would lose his/her scholarship. Each Grade 6 teacher and students in the class then conducted a verification process. The teacher read aloud to the class the names of the students and all of their respective answers. If any doubts arose about the answers, parents could then be consulted. However, it was intended that this exercise take place at the school and

that the application forms there remain under the control of the Grade 6 teachers, and ultimately, the primary school director.

Box 3.1   CESSP application form

What is your gender?
Did your mother ever go to school?
Did your father ever go to school?
Do you live at home with both your mother and your father?
How many children 14 years old and under live in your house, excluding you?
Does anyone who lives at your house have a permanent disability (e.g. amputated limb, blindness, deafness, mental disability)?
Does anyone who lives in your house own a bicycle?
Does anyone who lives in your house own a motorbike?

Does anyone who lives in your house own a car, van, truck, or tractor?
Does anyone who lives in your house own cattle, buffalo?
Does anyone who lives in your house own a radio?
Does anyone who lives in your house own a television?
What is the roof of the house where you live made of?
What are the walls of the house where you live made of?
What is the floor of the house where you live made of?
What type of toilet do you use at your house?
What is the main source of lighting in the house where you live?

The CST was aware that it was possible for Grade 6 teachers to guide the whole class in order to generate a high score. However, the CST made primary 'feeder' school directors aware that the number of successful applicants at each primary school would be monitored. Any evidence of inappropriate guidance provided to students when completing the application forms would lead MoEYS to take disciplinary action. Moreover, children of families that included an employee of the RGC were excluded from the selection process to ensure that primary school directors and Grade 6 teachers could not manipulate the selection of their relatives. However, despite the fact that criteria for the weighted scoring were not shared with the Grade 6 teachers, the application form did not change during the programme; and it was clear which answers would generate the highest scores through review of the application form. If a Grade 6 teacher or his or her director had identified them, it would have been possible for them to provide the answers to their preferred applicants before the next application process.

The process used to complete the application forms varied across the different MoEYS scholarship programmes. One key difference,

which was debated amongst stakeholders, was whether the application form should be completed at home or in the classroom. In the PAP12 programme, Grade 6 students took their forms home to their parents. However, the other programmes were designed so that Grade 6 teachers could assist their students to complete the application form in class. It was believed that the latter process was more successful because children were more inclined to provide accurate answers when not influenced by their parents. Furthermore, it was noted during the PAP12 programme evaluation (Jacacek, 2007) that some LMCs complained that parents or guardians found the application form too complicated to complete. The reason was that they believed the language used was too advanced. This only substantiated the argument that it would be best for the application forms to be completed in class. A survey of participants held at the National Scholarship Dialogue Conference in 2008 further supported this claim.

The application form scoring system

A commercial firm was contracted to process centrally all application forms in the first year. Although this approach provided an excellent basis on which to conduct the impact evaluation studies, the cost was believed to make it unsustainable. Therefore, in the second year of implementation, the CSP used LMCs to score applications following the JFPR and BETT model. This new procedure provided a number of advantages. Although, the LMC scoring process differed from the process used during the first year, the application form and weighted scoring were the same. This new scoring process involved an LMC member scoring each application form, following the LMC manual's application scoring instructions to ensure that the results were based on the scoring process, and not the decisions of any individual member. Once the application form was scored, the LMC member signed the application form and then another LMC member double-checked the scoring. It was apparent that this new LMC scoring process was fair, transparent, traceable, and internally verifiable. However, some argued that this approach made the process less transparent, since the application scoring criteria were not divulged to the students or the parents in order to improve the quality of the selection process.

Each of the questions on the application form had a weighted score. Girls received an extra weighted score in an attempt to ensure that 60 per cent of the beneficiaries were female. LMCs were given a quota of 30, 60, or 120 scholarships depending on the size of their student

population. It was possible for a school's quota to increase by one or two students if the scores of these students were tied at the cut-off point. During monitoring, the CST reviewed the applications that were tied to ensure that the increase in a school's quota was justified. Where it was apparent that the scoring was not accurate, the LMC chair was counselled. Both processes provided clear instructions on how to apply for the scholarship and thus were understood by the families of the potential beneficiaries. The CSP was designed so that children within each LMC whose application scored the highest were funded at the upper US$60 level. The intended rationale behind this two-tier (US$45 and US$60) system was to provide poorer children with a greater incentive to enrol in and complete school.

The application scoring system could not rank the poverty level of each applicant's household with complete accuracy. The reason for this is that the scoring system was designed to rank household poverty levels based on factors associated with a poor household in the Cambodia socio-economic survey conducted in 2004. It could be argued that the appeals mechanism discussed in the next section may have helped correct some estimation errors that were inherent in this system.

The appeals mechanism

When the commercial firm managed the application scoring in Year 1 at the national level, the creation of an appeals mechanism was thought too difficult because of the potential for numerous complaints and the logistics involved in resolving them. However, in the second year, when the LMCs manually scored the application forms, it was possible for a mechanism to be set up so that parents could appeal if they found LMC scoring unsatisfactory. This appeals mechanism instructed the plaintiff that he or she must submit an appeal in writing to the LMC chair within seven days of the first draft scholarship announcement of the results of the LMC selection exercise. The LMC was instructed on how to investigate complaints. This could involve the LMC visiting the applicants' household and re-scoring application forms. If the complaint was found to be valid, the relevant application form(s) had to be re-scored and a second announcement list of beneficiaries drawn up by the LMC. This meant that some applicants replaced other low-scoring applicants on the first draft announcement.

In some societies, the act of replacing a low-scoring applicant from the first draft of the scholarship announcement with one from the second could be met with some resistance. However, the author

encountered no such issue during school monitoring or at any of the annual national scholarship dialogues. There are two possible reasons why this practice was accepted by parents. First, the awareness-raising programme informed parents that such an event could occur; and second, Cambodian society is one that generally accepts the regulations laid down by the government. It is thus unlikely that parents would launch an appeal against decisions made by influential community leaders in LMCs. In some cases, parents may also be afraid to appeal.

Evaluation of the beneficiary selection process

In comparison with the other MoEYS scholarship programmes, which preselected the students who had completed the forms, the application process at the primary 'feeder' schools was deemed to be costly, the reason being that every Grade 6 student applied for the scholarship, whereas only a certain number of applicants applied to the other programmes. It could, however, be argued that including all Grade 6 students in the application process improved transparency, a larger number of applicants increasing the likelihood of the verification of application forms being conducted fairly.

Research identified that the CSP application form was approximately 75 per cent likely to select students from the poorest 50 per cent of the population[2] (Filmer and Schady, 2009*c*). This was perceived to be very high in comparison to some other World Bank cash transfer programmes. In contrast, it could be argued that 25 per cent of the scholarships were awarded to students from households that were not in the poorest 50 per cent. This may explain why a number of families complained about the results of the application process during monitoring visits. One could speculate as to why some of the beneficiaries were not in the lowest 50 percentile, and suggest that the main reason is that the applicants provided the wrong answers. However, this was not detected during the student verification process.

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2. It could be argued that the application form was far more effective at selecting poorer candidates than this 75 per cent figure indicates. This research assessed performance against the national distribution of household per capita expenditures. It is based on the original 100 selected CSP LMCs that were not covered by other programmes. Thus, many of the schools in the poorest areas may have been selected in the PAP12, JFPR, and BETT scholarship programmes, which were running prior to the CSP. Furthermore, given that the number of applicants was fixed in each school, only so much 'redistribution' could be done (i.e. in some schools, even if one targets the poorest effectively, they may be 'richer' than the poor students in other schools). One final point is that the CSP covered secondary schools, by which point the poorest of the poor have already dropped out.

The procedure for completing the application form in primary 'feeder' schools and the validation process conducted together by Grade 6 teachers and students was found to be objective because each applicant completed the same application form and scoring was applied consistently. However, it must be noted that the CSP was active only in the primary 'feeder' schools located in small, rural villages. If this verification process had been conducted in urban primary schools, students might not have been as aware of one another's living arrangements. Therefore, it can be argued that this process would not have been as robust in an urban primary school.

Although it was appreciated that the LMC scoring process could never be completely accurate in ranking the applicants through its proxy means test, it was thought that the appeals mechanism improved the fairness of the process. In Cambodia, each commune elects a commune council every five years, and this council is answerable to the electorate. This body, therefore, has a strong incentive to resolve any issues that may arise in the LMC or elsewhere in the commune. The composition of the LMC ensured that each appeal received a fair hearing. Another advantage of this new LMC scoring process was that it disbursed the commercial costs to individuals in the local communities by paying LMCs to conduct this work.

Officially, complaints had to be submitted in writing to the LMC chair. However, as in many developing societies, Cambodia has an oral tradition. Consequently, it could be conjectured that complaints were made verbally to LMC members. This makes it difficult to determine exactly how many formal and informal complaints the LMC resolved. Nonetheless, considering that no individual was ever prosecuted for engaging in corrupt activities, it can be speculated that the composition of the LMC provided an effective backstop that encouraged its members to lawfully implement the programme.

However, the new appeals mechanism created extra responsibility and work for the LMCs if numerous appeals were lodged about the selection process. To enhance it, it could be suggested that an appeals overview committee review complaints at the provincial level. The establishment of a telephone hotline could also allow the community to contact the CST in the event of suspicion that their LMC was partaking in fraudulent activities.

3.4 Programme implementation process

This section examines the roles of the actors and institutions involved in implementing the programme before detailing the key steps taken to do so. The major steps taken to implement the CSP are outlined below.

Step 1: The CST prepared all the original documentation for implementing the CSP with assistance from the World Bank Scholarship Team. This included finalizing the Khmer version of the CESSP Scholarship Programme Operational Manual upon completion of the English version. This work comprised activities such as preparing workshop materials, piloting the application form, and updating forms and letters for carrying out the scholarship programme. This documentation was reviewed and updated where necessary on an annual basis throughout the existence of the CSP. It should be noted that very few LMC implementation manual modifications were required after the selection process was changed in the second year. This may be a reflection of how well the original documentation was designed.

Step 2: Provincial staff were trained to implement the CSP work plan. The CST carried out a central training workshop for POE and provincial CESSP staff to learn about the CSP and its differences from previous and ongoing scholarship programmes, and to receive the necessary documentation for implementing the programme. Further training was required in later years, but this was primarily for participants who had become new LMC chairs.

Step 3: Primary feeder schools were trained to facilitate the CSP application process. CESSP staff trained the directors and Grade 6 teachers of LSS feeder primary schools, as well as LMC members. Training was carried out at the LMC level and included information on how to run the awareness campaign and how to help Grade 6 students complete the application forms. The CST diligently designed new posters and marketing materials annually to support this work.

Step 4: The primary 'feeder' schools implemented the application process. The feeder school directors and Grade 6 teachers distributed application forms to all Grade 6 students, and ensured that they were completed and verified in the classroom.

Step 5: The LMCs scored application forms. In the first year of implementation an independent contractor was hired to computerize and score all the application forms and compile lists of scholarship recipients for each LMC. This scoring process was changed thereafter,

and transparent, auditable procedures were drafted, which enabled the LMCs to manually undertake this work at a lower cost.

Step 6: A public announcement of scholarships was made. The LMCs publically displayed the names of scholarship recipients at the secondary and primary feeder schools. In Year 2, when the LMCs scored the application forms this system was modified to allow the parents or guardians of the applicants to appeal. The new process involved a first draft announcement of scholarship students, which was signed by the LMC and sent to the PCO. This first draft announcement was sent to the primary feeder schools, together with a document clearly explaining the scholarship criteria and regulations, and how to appeal if necessary.

Step 7: LMCs were trained to manage and monitor the CSP. Before the first year commenced, LMC members attended the first quarterly meeting at POE. During this meeting, CESSP staff trained the LMCs on how to manage the scholarship programme at their school. In subsequent years, this training was undertaken for new LMC Chairs and accountants.

Step 8: LMCs managed the implementation of the scholarship programme. This included the distribution of scholarships, monitoring recipient performance, addressing any complaints received about programme implementation and, if necessary, visiting beneficiaries' households, provided that sufficient funds were available.

3.5 Review of observed intended and unintended behaviours

The CSP and World Bank Scholarship Team undertook a number of monitoring and evaluation activities during the life of the programme. Based on these activities, this section describes the observed intended and unintended behaviours of the CST, CESSP-PT, LMCs, beneficiaries, and communities.

Observed behaviours of the CESSP Scholarship Team (CST)

Initially, the Scholarship Team consisted of a mix of experienced and conscientious staff from MoEYS and an international and national advisor. The team implemented the programme diligently and required little additional support aside from that received in the initial year from the World Bank Scholarship Team and the Coordination Office. The CST also discussed and implemented improvements in the programme over a period of years through working with stakeholders in forums such as the National Scholarship Dialogue.

Furthermore, the CST manager viewed the team's LMC monitoring work as an opportunity to support LMCs rather than strictly enforce regulations. The LMCs had been trained on how to apply the guidelines and regulations clearly detailed in the implementation manual. The result of this approach was that very few issues arose, especially in the latter years of the programme. The few minor issues that were uncovered normally stemmed from the LMCs being run by a new chair, and were resolved through effective counselling by the CST during monitoring visits.

Observed behaviours of the CESSP-PT

The work of the CESSP-PT related to relatively easy administrative tasks that involved managing the information and financial flows between the CST and LMCs at each disbursement. The robust administration system ensured that there was no room for error when disbursing scholarship funds to the LMCs. Work was undertaken as per the CSP POE operations manual. Each CESSP-PT had a positive working relationship with the CST, which resulted in few communication issues. However, the one issue that continually arose was that some CESSP-PT members were unable to collect all their relevant LMC funding requests for scholarship funds on time. If one request was late, the CESSP-PT would not provide the provincial funding request to the CST. In turn, if a CESSP-PT did not submit its requests for scholarship funds, disbursement of the CSP funds could be delayed.

Observed behaviours of the LMCs

As previously mentioned, the CST monitored 312 LMCs. The main monitoring issues that arose were resolved by providing training and counselling to the new LMC chairs and accountants. Overall, it was found that once fully trained, they could effectively administer the CSP at their LSS. The scholarship disbursement ceremony was also conducted in public. This provided the commune with an overview of who was being awarded a scholarship. If a student who had not been attending school received money, the other children would inform their parents at the ceremony. The LMC appeals mechanism provided individuals from the commune with an opportunity to lodge an official complaint to the LMC if they believed unfair practices were occurring.

One issue that was regularly raised was that the money was distributed in Cambodian Riel, even though the LMCs were instructed to distribute funds in US dollars. The underlying reason for this decision was that the World Bank grant was made in US dollars, and the government did not want to distribute the money in Riels and then have

to compensate any shortfall caused by fluctuations in currency exchange rates. However, lack of small denominations meant that the LMCs were often given large US dollar bills. This presented a problem when stipends were awarded to beneficiaries. While monitoring the LMCs, the CST attempted to overcome this administrative issue by having some LMCs exchange large US currency bills into Riel, if small US dollar bills were not available. However, this led to concerns that the practice presented an opportunity for less scrupulous LMC accountants to profit from the currency exchange.

During LMC monitoring by the CST, beneficiaries were asked whether any school personnel had requested unofficial fees, and the responses received assured the team that this rule had been followed. Teachers were aware that if their school were found to be requesting unofficial fees, this would jeopardize its membership of the programme, and would also lead to significant resentment towards the school among the commune's parents. This was consistent with the LMC implementation manual, which stated the following:

> [A]ll scholarship students were to be provided full access to all resources and services in the school, including classes, library, bicycle parking space, etc. Scholarship students shall not be charged fees of any type, formal or informal, by the school director and teachers. Any school personnel violating this regulation shall be subject to sanctions by MoEYS (CST, 2006).

CSP regulations, which were published alongside the scholarship announcement, stipulated also that 'all scholarship students who are absent from school without good reason for more than 10 times per year will be disqualified from the programme'. The term 'without good reason' provided the LMC with a degree of leeway concerning how to apply this rule. The Scholarship Management Information System (SMIS), which maintained records of scholarships, students' receipts, and requests from schools, showed that the dropout rate varied between 12 and 16 per cent during the life of the programme. And examples were noted where the LMC chair would try to entice a beneficiary back to school if the circumstances were appropriate; for example, in cases where a student absented themselves temporarily to earn money to obtain urgent medical assistance for a family member.

The LMCs sent requests for scholarship money in September, December, and April. Once an LMC informed the CST that a beneficiary had dropped out, the beneficiary could no longer re-join the CSP, although it may have remained possible for them to attend school. In dropout cases, the LMC retained the money and used it in

the following disbursement. The CST recorded each dropout using its SMIS and reduced the amount of money disbursed to the LMC in the next disbursement. This process proved far simpler than returning funds for dropouts to the PCO after each disbursement. At the end of the programme, all funds not used by students who had dropped out were returned to the Coordination Office.

If a beneficiary was absent from school or performing poorly academically, the LMC had only limited funds at its disposal to undertake home visits to assess the situation. The LMCs stated that more money was required to undertake these visits effectively. However, the funds were never increased, and actors at the central level sometimes questioned the value of these visits, though no attempt was ever made to evaluate their effectiveness. At the start of the programme, a few LSS directors segregated beneficiaries into separate classes in a misguided attempt to ease the internal scholarship administration process. This practice was identified at an early stage of the programme, and the CST informed LMCs that such forms of exclusion were not in line with the aims of the programme and had to be terminated.

Observed behaviours of the beneficiaries and communities

The World Bank Scholarship Team and MoEYS undertook a number of informative impact evaluation studies between 2005 and 2010 to evaluate the impact of the programme on the beneficiaries and their commune. These have been published and are referenced in the summary provided in *Box 3.2*. This summary briefly reviews these studies and underlines that the CSP increased the likelihood of the beneficiary being enrolled at school; ensured that there was very little, if any, difference between children who were offered a US$60 scholarship and those who were offered a US$45 scholarship; reduced the size of the gender gap between male and female enrolment rates; and encouraged parents to increase spending on girls' schooling.

3.6 Transparency and accountability mechanisms

The CSP used various strategies to promote positive change in behaviours and reduce the risk of errors, fraud, and corruption. These strategies were implemented through development of CSP operations and LMC implementation manuals, which incorporated a number of measures to ensure the transparency of the programme and that officials were accountable for their actions.

Box 3.2   Impact of the CESSP scholarship programme

A number of evaluation studies reported that the CSP has had a considerable impact on the life of beneficiaries, apparent in the likelihood of the beneficiary remaining enrolled in school and at work for pay (Ferreira *et al.*, 2009). Another research study noted that beneficiaries 'who were offered the $45 scholarships were more likely to be attending school on the day of the visit than those who were not offered a scholarship; the difference in attendance rates was large, around 25 percentage points' (Filmer and Schady, 2009*a*). The impact of the two-tier stipend system, in which the poorest beneficiaries were awarded a higher-level scholarship, was also investigated. The research found 'very little (if any) difference between children who were offered a US$60 scholarship and those who were offered a US$45 scholarship' (Filmer and Schady, 2009*b*).

An encouraging analysis examined the effect of the CSP on lower secondary schools, and indicated that there was a significant increase in enrolment at schools with LMCs, in comparison with the same cohorts at other schools in the rural areas of Cambodia. The CSP appeared to have increased Grade 7 enrolment rate to 10 per cent higher than the national figure, implying that the scholarship programme may be successful in attracting more students to progress from Grade 6 to Grade 7. An increased enrolment rate at Grade 9 implied that CSP beneficiaries were also less likely to drop out of school and repeat grades.

One design feature of this subcomponent was the provision of 60 per cent of scholarship monies to girls, intended to reduce the gender gap between male and female participation in education. When the number of stipends received by specific cohorts was analysed by gender, the rates at which males and females progressed between Grade 6 and 9 were revealed to be very similar (CST, 2010), indicating that the CSP achieved the designated aim.

Finally it was found that, on average, parents spent approximately US$15 to US$19 more per year on boys' schooling than on that of girls. This constitutes a considerable difference, given that average expenditures per year (where the average includes both boys and girls) total US$44. Filmer and Schady (2009*c*) indicate that one impact of the CSP was for parents to increase spending on girls' schooling from approximately US$7 to US$9 for CSP beneficiaries and US$3 to US$4 for their sisters. It was concluded that the CSP appears to have decreased the difference in expenditure between boys and girls by approximately one-half among applicants and one-fifth among siblings. However, the study provides no evidence of increased expenditures on boys as a result of the programme.

Design and use of operations manuals

Originally, the CST developed three operations manuals for the programme: the CST operations manual, the CESSP PCO operations manual, and the LMC implementations manual. The CST operations manual detailed how the team intended to run the CSP throughout the country. The PCO operations manual was distributed to each provincial

office of education responsible for managing the CESSP LMCs. The PCOs had to follow the operations manual and were not allowed to customize the processes. Similarly, the LMC implementation manual had to be followed consistently and strictly by each official and LMC member involved with the administration of the programme.

The nature of the LMC implementation manual meant that only LMCs were permitted involvement in making major changes and decisions during the review process. Examples of such changes included: appeals made by parents or guardians regarding the scholarship selection process; and in cases of non-attendance, deciding whether to visit the household or replace the beneficiary with the next highest-scoring applicant. Officials at all levels were trained on the contents of these manuals. They were also informed of the potential consequences of engaging in fraudulent actions and that the CSP system had been designed to identify any such wrongdoing.

Children of families that include an RGC employee excluded from CSP

To ensure that teaching staff or other government officials could not manipulate the selection of their relatives, the children of families that included an employee of the RGC were excluded from the programme. However, this rule was considered unfair because the heads of some of the poorest families worked for the RGC. Hence, this policy is likely to be changed for future MoEYS scholarship programmes. It may be advisable to simply exclude the relatives of LMC members, school directors, and teaching staff involved in the selection process from applying for a scholarship. Alternatively, if these parties wish for a relative to apply for a scholarship they can simply refrain from participating in scholarship selection and LMC activities.

Funds distributed at a transparency ceremony

The LMCs distributed the money to beneficiaries at a transparency ceremony. This was a way for each beneficiary and his or her family to know the exact amount of the stipend. Moreover, after receiving the stipend during the ceremony, both the student and parent had to sign and provide their thumbprints on the LMC documentation, as a proof of receipt of the payment.

LMCs held accountable by the establishment of an appeal mechanism

During the second year an appeals mechanism was implemented, making it possible for parents to hold the LMC accountable for the selection of students. This process was thought to be an improvement on the first year, when parents were unable to appeal the scores generated by the commercial company's computer software. The system was both transparent and accurate and enabled the LMC to review and rescore application forms following discovery of any oversights made by the applicant on the form itself or by an LMC member while scoring. However, the inclusion of a whistle-blowing mechanism might further improve this system, allowing the commune to inform a higher body at the provincial or central level if they suspected the LMC of committing unlawful activities.

An effective monitoring system and a clear audit trail

At each level of the disbursement process, the PCO, CST, POEs, and LMCs were able to verify that the funds disbursed from the higher level tallied with the number of beneficiaries at each school. Furthermore, the paper trail could be traced from LMC documentation and attendance records to the central CSP financial records. This allowed various parties to audit and monitor the entire process. The effectiveness of the CSP documentation, procedures, and the composition of the LMC made the system almost watertight. The CSP procedures were traceable because the funds allocated centrally by the CST could be linked to the beneficiaries at the school level. The procedures to distribute operational funds to the POE and LMCs were designed in a similar way. The well-designed layout of the administrative system made it possible for the CST to implement a monitoring framework, which appears to have been very effective.

During project implementation, monitoring was conducted through various RGC and World Bank audits and CST monitoring visits to LMCs. The aim of these activities was to assess whether individuals or institutions had deviated from programme regulations. Officials were bound by the MoEYS moral code of conduct for education staff and sanctions outlined by the Education Law. The LMC implementation manual also provided an audit trail, enabling officials at each level to verify information and funds sent between the LMC and PCO/CST. The LMC completed request forms to request money from the CSP that could be traced to each of their beneficiaries. These were then sent to the CST, via the CESSP-PT, and the information was verified. The

CST prepared the documentation that detailed the amount of funds to be disbursed centrally from the PCO to the CESS-PTs and then to the LMCs. Before this documentation was sent, the CESSP PCO financial team verified its accuracy. The documentation was then returned to the CESSP-PT, who then received funds via a local bank and held a meeting to distribute the documentation and funds to the LMC accountants.

LMCs were instructed to keep a register of scholarship beneficiaries to verify that they had complied with one of the conditions of the programme: school attendance. The LMCs and the CST monitoring team reviewed these registers during school visits and verified their accuracy by asking students questions during group interviews. This administration system permitted the CST and other parties to carry out an effective monitoring programme. Moreover, officials and LMC members were fully trained and understood that the system was protected against exploitation of vulnerabilities: any fraudulent activities would be uncovered in an audit or a monitoring visit by an LMC member or by the public during the transparency ceremony.

The CSP was audited on a number of occasions and no serious issues emerged. The World Bank carried out an independent home and school-based audit and KMPG, and later PricewaterhouseCoopers, conducted annual audits for all CESSP-funded activities. At the time of writing, the National Audit Authority was conducting an extensive final audit to follow up on scholarships payments, and no issues relating to scholarships had been highlighted. Furthermore, no official or LMC member has been prosecuted or even disciplined during implementation of the programme. Taken together, these facts suggest that the mechanisms established were extremely effective and made the programme officials accountable for their actions. The next section explores this in greater detail.

Dialogue and negotiation: a 'mutual accountability' process

It can be argued that the success of the CSP lay in the fact that it had all the traits of a mutually accountable process. 'Mutual accountability is a concept designed to bring about trust and partnership, whilst achieving development results'; it 'is a process by which partners hold one another responsible for the commitments that they have voluntarily made to each other' (OECD, 2009). At the macro level, establishing a partnership between developing countries and donors based on mutual trust and accountability is a crucial step towards achieving better development

results. However, based on the success of the CSP, the same applies at the micro level.

It is believed that three core elements constitute a mutual accountability mechanism: a shared agenda; a monitoring framework; and a process comprising dialogue and negotiation. Indeed, the actors, at all levels, were engaged in a process of dialogue and negotiation during the design and implementation stages. The World Bank scholarship team was approachable and eager to engage in a process that was generally led by the MoEYS CST. During monitoring, the CST visited officials at both the CESSP-PT and LMCs and listened to their concerns. Feedback from monitoring and evaluation exercises was given to staff at the CESSP PCO and was reviewed annually at the National Scholarship Dialogue. This strategy enabled the programme to evolve and constitutes an example of how positive change emerges from reviewing a proactive process involving dialogue and negotiation.

3.7 Analysis of how programme variables influenced transparency

This section analyses how the different CSP factors may have influenced the degree of transparency in the targeting and management of the programme's educational incentives.

Selection of the programme population

The CSP targeted the programme population by firstly selecting the LMCs based on United Nations World Food Programme (WFP) data and administrative data; and secondly, by having applicants complete an application form, which was then scored according to the CSP methodology. The targeting mechanism used to select the LMCs was based on discussion and judgement, and the World Bank Scholarship Team maintained a presence throughout this process to ensure matters were conducted in a fair and transparent manner. Certain remote and rural areas of Cambodia developed rapidly during the decade, however, rendering the WFP data out of date. Furthermore, as the programme progressed in later years, it became apparent that a number of LMCs would have been ineligible if the selection process had been reviewed.

After the modification of the beneficiary selection process in 2006, the following key design factors influenced the transparency of the selection process: the involvement of all Grade 6 students at the primary feeder school; the selection of students by LMC-scored

application forms; and the localization of the appeals mechanism, which involved the LMCs, represented by a broad section of the community who heard each appeal. Moreover, it was not believed possible to design an application process that ranks each applicant's poverty level more accurately without the availability of funds to undertake a survey of each applicant's household.

Conditionalities related to attendance

The CSP was a conditional cash transfer incentives scheme in which the beneficiaries were granted incentives based on attendance. Four factors were incorporated into the programme design using a transparent approach to ensure that beneficiaries only received their stipend if they attended school. LMCs were instructed to keep a register of scholarship beneficiaries to verify that they had complied with school attendance condition of the programme. The LMCs and CST monitoring team then used these registers as evidence. Beneficiaries who were absent from school 'without good reason' more than 10 times per year were disqualified from the programme.

Use of cash incentive

The CSP was simple to administer because the stipends were provided in US dollars. Beneficiaries found this system clear and straightforward because they were informed of the exact amount that they should receive and in what currency it should be received. A debate arose as to whether the funds should be exchanged for Cambodian currency (Riel). However, there were two arguments against such a move. First, exchanging the money presented opportunities for the LMC accountant to benefit when changing the currency, thus raising issues of transparency. Second, the CESSP was funded in US dollars, and any exchange of the fixed value stipend might create a shortfall. The decision to distribute the money in US dollars was therefore deemed the most practical.

Non-governmental organizations (NGOs) have run a number of small-scale scholarship programmes, which have provided 'in-kind scholarships', such as bicycles and school uniforms, and have been found to be successful. However, it must be noted that highly paid teams managed these programmes, providing the logistical support necessary for effective implementation. It is believed that for MoEYS to administer this type of programme would be very difficult for a number of reasons; for example, sending thousands of bicycles to remote provinces in

Cambodia would require a high level of management and incur significant transportation costs. It is believed, therefore, that in-kind scholarships are better suited to small-scale NGO programmes. Moreover, this type of system can provide incentives for non-beneficiaries to benefit through activities such as reselling, whereas the cash-based incentive system was clear and transparent.

A centralized, partially devolved process

Although the CSP was centrally controlled, the LMC implemented the programme at the local level. It was apparent that the various actors involved in the process were empowered to make key decisions and take actions at the appropriate level, while the CST, PCO, and the World Bank provided the optimum amount of support and controls. The strong administration system enabled the CST to direct and monitor LMC operations very effectively. Considering these design factors, it would be fair to describe the mode of implementation as a tightly managed, very transparent, partially devolved process.

3.8 Indication of best practices

This section reviews the lessons learned in the Cambodian context, and highlights the best practices of the CSP that could be applied internationally to other conditional transfer programmes.

Composition of the local management committee

The composition of the LMCs was a key strategy used to improve accountability. This body managed the CSP administration system locally, and its members were comprised of representatives such as commune council members, parents, and the chief of education. It is thought that having a cross-section of the community represented in the LMC enabled the members to effectively self-regulate the actions taken by this body to ensure that the programme was administered in a fair and transparent manner.

An effective awareness-raising campaign

The most cost-effective way to raise awareness in Cambodia was thought to be through posters and verbal announcements by teachers in feeder schools and public places. The campaign crucially explained the importance of education and made the commune aware of the programme's benefits and regulations. It was also believed that using effective announcements improved programme transparency.

Completion of the CSP application in class

The completion of application forms was undertaken in class under the guidance of a teacher. Once the questions were completed, the teacher and students undertook a process of verification. This was preferred to an alternative method used by the PAP12 programme, where applicants were asked to complete the form at home under the guidance of their parents or guardians.

Selection of beneficiaries undertaken by the LMC

The new LMC scoring system, introduced in the second year, involved a LMC member scoring each application form. Once the application form was scored, the LMC member signed the application form and then another LMC member double-checked the scoring. This was thought to be more transparent, economical, and sustainable than hiring a contractor to centrally score the application forms using a computerized system.

Children of LMC members excluded from the programme

The children of LMC members, primary 'feeder' schools, or school directors involved with the CSP were excluded from the programme. If these officials wished for their children to apply for a scholarship, they were not themselves permitted to participate in CSP activities as long as their child remained part of the CSP process. Children of other government officials were allowed to take part in the programme as long as the official's rank was below a certain level.

A localized appeals mechanism

It was understood that the scoring system used to select applicants was unlikely to be completely accurate in ranking each applicant's poverty level. Hence, it was thought that implementing the appeals mechanism provided an opportunity to make corrections. One further advantage was that the LMC members understood that the source of any errors when scoring application forms could be traced. This may have improved scoring accuracy. Although this local appeals mechanism appears to have been effective, the establishment of a provincial appeals oversight committee and a complaint hotline to the central scholarship organization body would further improve the process. The cost and benefits of such mechanisms need to be considered when designing future programmes.

Transparency ceremonies

Transparency ceremonies were used to distribute money to beneficiaries. This is an extremely transparent mechanism for the distribution of funds, which enabled both students and parents to observe who was receiving the money.

An effective LMC monitoring system

The CST conscientiously monitored LMCs throughout the country. The monitoring approach could be regarded as a best practice because the following three key tasks were undertaken: the CST verified that the LMC documentation was in line with CST central records; the LMC documentation was completed in line with the instructions in the LMC implementation manual; and the accuracy of the LMC documentation was validated through group interviews with beneficiaries. During these interviews, the beneficiaries were asked a series of questions to assess whether the programme was being administered appropriately and to verify that the beneficiaries were attending school.

An auditable and unambiguous administration system

The CSP administration system was robust because it had a clear audit trail. This enabled officials at each level to verify the information and funds sent between the LMC, CESSP-PT, and PCO/CST. Each beneficiary and his or her family knew the value of the stipend to be provided at each disbursement. It was also possible to verify that the stipend had been received because both the beneficiary and a parent signed to confirm receipt of the LMC documentation.

A mutually accountable process

Three factors point to the CSP being based on a mutually accountable process: there was a shared agenda among the beneficiaries, LMC CESSP, MoEYS, and the World Bank; there was an agreed monitoring framework; and the NSD and World Bank missions provided a process whereby compromise, dialogue, and negotiation were very much in evidence.

3.9 Conclusions and recommendations

This case study focuses on the lessons learned from the CSP from a transparency and accountability perspective.

The nature of the incentives provided to beneficiaries was cash-based. The text describes how a nationwide 'in-kind scheme' incentive scheme would have been impractical and may have provided various opportunities for non-beneficiaries to benefit. The cash-based incentive system was clear and transparent; each beneficiary was aware of the value of the stipend that he or she would receive.

The target population was selected based on a transparent application process, which was consistently implemented at each LMC. In addition, an appeals mechanism was established in the second year, to improve the accuracy of the selections system and hold the LMC accountable if the commune voiced a disagreement with the selection process results. The cash incentive was granted on the condition that the beneficiary attended school. Simple procedures and tools were used to ensure this process was transparent, such as the school register and the transparency ceremony.

The mode of implementation used consisted in a tightly managed, very transparent, partially devolved process. It is important to stress that the CST centrally controlled the CSP. This team was staffed and led by very proactive individuals who were highly motivated and had considerable and relevant expertise. These skills enabled the CST to design the programme with a robust administration system that was simple, unambiguous, and auditable. The CST also provided effective training and guidance to implement the programme's procedures. This provided the LMCs and CESSP-PT with sufficient capacity and authority to locally control the running of the CSP throughout the country.

The LMCs proved able to self-regulate successfully resulting in transparent implementation of the CSP. This conclusion is based on the lack of officials prosecuted for fraudulent activities during the programme. This is likely a result of the constituent members of the LMCs: representatives from secondary schools, the commune councils, parent committees, and the District Education Office. Furthermore, it can be speculated that the transparent process and complaints mechanism provided the commune with a loud enough voice to effectively hold the LMC to account.

To conclude, this case study illustrates the advantages of running a conditional cash transfer programme implemented at a local level, and controlled centrally by a team with a transparent and robust management system. This arrangement requires a central team made up

of highly motivated, competent individuals and an LMC comprising a cross-section of the community. Basic decisions can then be taken to resolve issues at the local level within the regulations of the programme. When the community and an actor from a higher body, such as the district education officer, represent the LMC, this helps to create a transparent working environment for programme implementation. If the programme regulations stipulate that LMC members cannot be related to programme beneficiaries, this will discourage them from initiating informal discussions about partaking in irregular activities.

However, it should be borne in mind that these measures may not be stringent enough to prevent corruption; and it may be possible for LMC members to influence their colleagues inappropriately. Therefore, in some countries, it would be advisable to include a whistleblowing mechanism in future conditional cash transfer programmes. This mechanism would allow the community to inform a higher body, at the provincial or central level, of any suspected unlawful or unfair activities committed by the LMC.

Moreover, one should bear in mind that the CSP was implemented in closely knit rural communes. It could be argued that rural communities are better environments than urban communities for such programmes because students in a rural community, and the community in general, passively monitor beneficiaries and their households. This setting is ideal for a programme that relies on transparency because the community as a whole is aware of household poverty levels and the activities of each beneficiary. Running such a programme in an urban setting may prove less effective.

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Chapter 4
Sarva Shiksha Abhiyan programme, Rajasthan, India

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In 2001, in an effort to achieve the Education for All (EFA) targets and the Millennium Development Goal of universal primary education, the Government of India launched Sarva Shiksha Abhiyan (SSA), a national programme aimed at 'securing the right to quality, basic education for all children in the 6–14 age-group' (MHRD, 2008). More specifically, it encompassed four clearly defined goals: (i) enrolment of all children in school in the 6 to 14 age group; (ii) retention of all children until the upper primary stage; (iii) bridging of gender gaps and other social inequalities in enrolment, retention, and learning; and (iv) ensuring that there is significant enhancement in the learning achievement levels of children at the primary and upper primary stage.

In 2009, the government reaffirmed its commitment to EFA when parliament passed the 'Right of Children to Free and Compulsory Education Act', otherwise known as the Right to Education Act (RTE). This mandates that 'every child in the age group of six to fourteen years will have the right to free and compulsory education in a neighbouring school until the completion of elementary education' (MHRD, 2009).

As SSA is the primary delivery mechanism of RTE, it represents the largest and most important centrally funded scheme for elementary education in India. At present, the government largely funds the programme, committing an annual budget of Rs.21,000 crores (approximately US$4.6 billion), which comprises around 0.3 per cent of GDP[1] (Kapur and Chowdhury, 2011). SSA is envisaged as a community-driven programme; accordingly, annual financial allocations are meant to be determined by an annual planning and budgeting process that begins at the school level and is then aggregated into state level plans (MHRD, 2010*a*). This annual work plan and budget is distributed among a wide range of activities including administration, infrastructure, and teacher training.

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1. The latest GDP figures for which data are available are for 2010–2011.

On the frontline, schools receive a small proportion of funds, between 6 and 8 per cent of the total SSA financial budget, known as school grants.[2] These annual grants are transferred universally to all schools in the country. To ensure transparency and accountability to citizens, SSA mandates school management committees (SMCs), local to their respective schools, to spend these grants (MHRD, 2009). School grants thus constitute the only SSA component where funds are received directly by schools and over which SMCs have complete control, making them an extremely important element of SSA's financial structure.

In principle, school grants represent an important effort to try and promote greater decentralization or community participation and accountability in school management. They are anchored in the knowledge that local needs are best understood and resolved at the local level. In other words, school needs are best served if local stakeholders participate in decisions on key expenditures at the school level. Moreover, school grants make parents and teachers direct stakeholders in the implementation and monitoring of the programme. The provision for school grants thus creates institutional space for community members to assert their opinions, express their demands, and hold officials accountable for their actions, thereby promoting accountability in the delivery of elementary education. But how does the provision of school grants work in practice?

To answer this question, this case study analyses India's experience with implementing school grants through a case study dealing with the state of Rajasthan. It focuses specifically on: the institutional and planning structure for implementing school grants; the financial management process, in particular the flow of monies to schools; the expenditures at school level; and the transparency and accountability mechanisms used. In order to understand the effectiveness of the school grants programme, it maps out the current delivery system of elementary education in India and analyses its implementation on the ground.

Rajasthan was chosen for this study primarily because it is among the country's poorest states (literacy levels reach 67 per cent), and because in recent years it has received a 73 per cent increase in SSA funds. Education outcomes for the state are also very poor. According

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2. Calculations made by the Accountability Initiative (AI) from state-wise and component-wise allocation and expenditure (2006–2011).

to the Annual Status of Education Report (ASER, 2010), in 2010, only 57.4 per cent of students from Standards 3 to 5 could read a Standard 1 text, and less than 50 per cent could do subtraction (see *Box 4.1* for more details). These characteristics are representative of the broader education challenge in India: high financial investments juxtaposed with low learning outcomes. Thus the experience of Rajasthan in implementing school grants should permit certain generalizations on the challenges faced by other Indian states.

Box 4.1   Education status in Rajasthan: background and context

Located in western India, the semi-arid state of Rajasthan is among the poorest states in the country. In terms of education, the literacy rate is 67.06 per cent (80.51 per cent male and 52.66 per cent female), approximately 7 percentage points below the national average (74.04 per cent). In comparison with other states, Rajasthan fares poorly on other educational indicators as well, namely:

- *Out of school*: The out-of-school population for Rajasthan is among the highest in the country, with approximately 5.8 per cent of the total population of school age not in school (ASER, 2010).

- *Learning levels*: In 2010, 70 per cent of children in standards 1 and 2 could read a letter or more. Only two other states perform worse than Rajasthan. Further, 51 per cent of children in standard 5 could read a standard 2-level text and only 33 per cent of the children could do division (ASER, 2010).

- *Infrastructure facilities*: In 2010, 30 per cent of the schools did not have a boundary wall, while 52 per cent of primary schools did not have a library and 17 per cent of schools did not have drinking water facilities (Accountability Initiative, 2010).

Taking cognizance of these problems, the state has in recent years made continued efforts to improve educational standards. An important consequence of this prioritization has been an augmentation in overall allocations for elementary education. The SSA budget for Rajasthan has more than doubled, increasing from Rs.1,253 crores (US$272 million) in 2006–2007 to Rs.2,166 crores (US$422 million) in 2010–2011. The allocation for schools grants has also increased by 18 per cent during the same time, and the state has seen an increase in terms of per child expenditure from Rs 2,074 (US$46) to Rs 2,348 (US$52) (Kapur, 2011).

The case study employs a combination of primary and secondary data. For the analysis of the SSA, secondary data were collected and existing literature and reports on SSA were reviewed (including government reports on SSA guidelines and financial norms and Rajasthan-specific SSA documents). To assess programme implementation, a series of in-depth interviews were conducted with multiple stakeholders, principally government officials across the

various levels of the organization. These interviews were structured around a questionnaire provided by IIEP. In addition, the case study also draws on data collected through the Accountability Initiative's annual PAISA surveys. These surveys track funds flows from the point of origin (central or state government) to the final recipient (school or children). They also analyse patterns of allocation and expenditure to understand the delivery of elementary education in India. PAISA surveys are conducted at two levels: state and district. The former is part of a national survey conducted in partnership with the Assessment Survey Evaluation Research Centre (ASER). In 2010, it covered over 13,000 schools in rural India across all states and districts. The latter is a more in-depth survey restricted to nine districts across seven states.

In Rajasthan the survey was implemented in two districts, Jaipur and Udaipur, and covered 148 government and government-aided schools (Standards 1 to 4/5 and Standards 6 to 8), selected randomly from rural parts in both districts. This report refers to findings from the Jaipur district. The sample size was calculated under the assumption that 90 per cent of schools would receive school grants. The margin of error is 5 per cent and the confidence level is 95 per cent; the non-response rate is 10 per cent. The surveys were conducted between May and August 2011.

4.1 Description of Sarva Shiksha Abhiyan (SSA)

The Government of India's financial allocation to SSA has increased steadily since its launch in 2001. In 2011/2012, government funding increased 40 per cent from the previous year, and currently stands at Rs.21,000 crores, equivalent to US$4.6 billion. With the addition of the state share, the total budget is closer to Rs.32,000 crores or US$7 billion. This budget is distributed among various components of SSA including teacher salaries, infrastructure (also known as civil works), special programmes for out-of-school children, administrative expenses, and school grants (see *Figure 4.1*) (Kapur and Chowdhury, 2011).

School grants account for only 5 per cent of the total allocations. They comprise a set of three recurring grants released by the government on an annual basis directly to school bank accounts: the teacher learning material or teacher grant; the school maintenance grant; and the school development grant (or school facility grant). They are the only funds that arrive annually to all schools and over which SMCs have complete managerial control. Over 1.28 million schools across the country have been allocated school grants (Joint Review Mission, 2010). During the 2010/2011 financial year, Rajasthan received a total budget for SSA

of Rs.1,687 crores (US$367 million). Out of this amount, 5 per cent (Rs.132 crores or US$26 million) was spent on school grants. Although expenditure is supposed to be based on school-level plans, the government has developed fixed norms and guidelines for expenditure relating to these grants, thereby restricting flexibility at the school level. Details of the grants according to these guidelines are summarized below.

Figure 4.1   Breakdown of the Sarva Shiksha Abhiyan budget
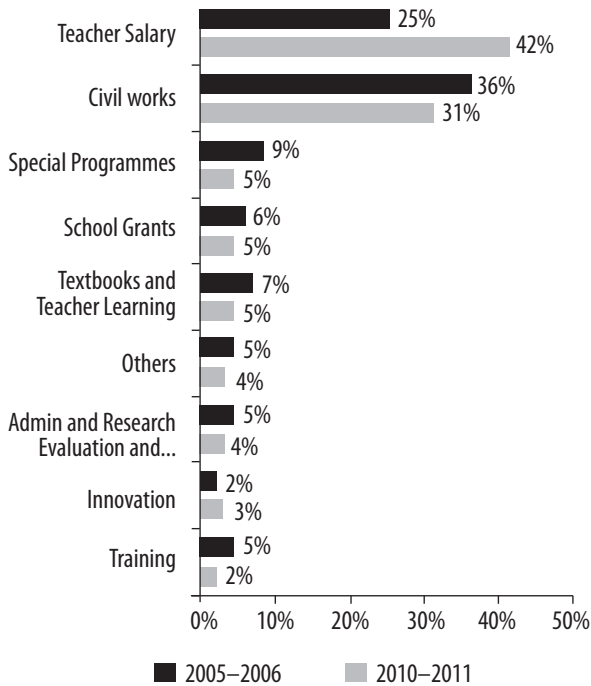
Teacher learning material or teacher grant (TLM)

The teacher learning material or teacher grant aims to provide teachers with necessary low-cost teaching aids. It amounts to Rs.500 (approximately US$11) per teacher per year. Eligibility for this grant includes: teachers of all government schools, local body schools, and government-aided schools (private schools supported with partial

government finances), as well as aided Madrasas[3] (provided they comply with government norms); and currently employed teachers, excluding those who temporarily transferred to a school other than the one to which they were formally appointed (MHRD, 2011).

School maintenance grant (SMG)

The objective of the school maintenance grant is to assist in the maintenance of school infrastructure, ensure a clean environment, and encourage children to attend schools. Schools with up to three classrooms are eligible for a maintenance grant ranging between Rs.5,000 (US$109) and Rs.7,500 (US$163) per school per year. Schools with more than three classrooms would get a maximum grant of Rs.10,000 (US$217) per school per year, subject to the condition that overall eligibility for the district would be Rs.7,500 (US$163) per school. Eligibility for this grant only covers schools that have existing buildings of their own with the exception of government schools in urban areas that operate in rented buildings. Work has to be executed through SMCs or village education committees;[4] and primary schools and upper primary schools are treated as separate schools for the purpose of the maintenance grant, even if they exist on the same premises. For composite schools comprising primary and upper primary in addition to secondary and higher secondary schools, this grant is provided only for the classrooms used for primary and upper primary classes.[5] The grant is to be utilized for specific purposes (see *Box 4.2*).

School development grant (SDG)

The school development grant aims to meet the schools' day-to-day requirements, such as the replacement of non-functional school equipment and the purchase of consumables. It amounts to Rs.5,000 (US$109) per year per primary school and Rs.7,000 (US$152) per year per upper primary school. The amount for upper primary schools includes items for science laboratories and computer education requirements. It is provided to all government schools, local body schools, and government-aided schools, as well as aided Madrasas (provided they fulfil certain criteria). Work is to be executed only through SMCs

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3. Madrasas are religious schools that cater to the minority community.
4. Similar in structure and composition to the SMCs, village education committees are committees at the school level that existed prior to the enactment of RTE.
5. Letter issued by the elementary education director to all state project directors on Guidelines for utilization of maintenances and repairs grant of school building, dated 9 April 2003.

or village education committees. Primary and upper primary schools are treated as separate schools for the purpose of the development grant, even if they function on the same premises (MHRD, 2010). The grant can be utilized for the purchase of new chalk, dusters, worksheets, and even library books for schools.

Box 4.2   Guidelines for the utilization of school maintenance grants

School maintenance grants may be used for the following purposes:

- White washing/colour washing;
- Painting black boards, children boards etc.;
- Repairing roofs, if necessary;
- Repairing/replacing doors, windows, etc.;
- Painting doors and windows;
- Repairing/replacing plaster etc.;
- Repairing/replacing flooring;
- Repairing walls;
- Painting exterior of building (if sufficient funds are available);
- Any other item relating to maintenance/repair required for the infrastructure of the school.

4.2 Programme design process

SSA institutional architecture

As mentioned in the previous section, school grants constitute one aspect of the overall SSA programme. In order to understand the implementation of the programme it is necessary to outline the institutional structure of SSA. Sarva Shiksha Abhiyan is a centrally sponsored scheme[6] funded primarily by the government and implemented by state governments. Its activities are managed at the state level through an independent society, known as the State Implementation Society (SIS). This society runs parallel to the state education department, and all SSA funds bypass the traditional treasury route and arrive directly to the SIS bank account (see *Figure 4.2*). The school grants programme forms part of a larger funding system that covers all SSA-related activities.

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6. Centrally sponsored schemes are specific fiscal transfers from the Federal government to subnational state governments intended to address infrastructure and human development needs in the country (Aiyar, Chaudhuri, and Seddon, 2010).

Figure 4.2   Organizational structure of Sarva Shiksha Abhiyan

Public Accountability	Line Machinery	Academic Support
State Government	**State SSA Mission** ↓ Chief Minister Governing Council ↓ Chief Secretary Education Secretary Executive Committee ↓ State Project Director	SCERT SIEMAT Resource Groups
Zila Parishad	Collector/CEO ↓ District Programme Coordinator/DEEO	DIET
Block Panchayat Samiti	Block Education Office	BRC / URC
Gram Pannchayat/VEC/S MC/PTA	School	CRC / NGOs

Source: Ministry of Human Resource and Development (2008).

The planning process

Budgetary allocations under SSA are determined on the basis of a planning document known as the 'Annual Work Plans and Budget'. According to the planning procedure developed by the government, the plan and budget should be developed through a decentralized model under which plans are first made by the schools (also known as school development plans) before being aggregated up to the district level. At the district level, a district planning committee prepares a version of the planning document, which is then aggregated at the state level for the formulation of the state Annual Work Plans and Budget. The state plan is then discussed with the Ministry of Human Resource Development (MHRD) with the discussions culminating in the final budget. *Figure 4.3* details the steps that governments are expected to follow in making the plan. In practice, however, the planning process is centralized, as financial allocations are fixed based on norms set by the government, and the budget allocations for school grants, in particular, are fixed and

are not subject to revision. Thus, there are no specific plans for school grants.

Figure 4.3   Planning process under Sarva Shiksha Abhiyan

| **Habitation Plan** |
| Plans are formulated by School Management Committee
Responsible for reflecting on village-level priorities and interventions |

| **Block Annual Work Plan** |
| Plans are formulated by a core team
Members of core team: Block Education Officer, NGO and representatives, among others
Recommendations of the SMC are consolidated at Block level |

| **District Annual Work Plan** |
| Plans are formulated by a core team
Members of core team: District Project Officer,
NGO and PRI representatives, among others
Proposals emanating from various levels are consolidated
by the core team into a comprehensive Annual Plan |

| **State Annual Work Plan** |
| Plans are formulated by the planning team at State Project Office
District level annual plans are appraised
and consolidated into the State Annual Plan |

Source: Ministry of Human Resource and development (2008).

In terms of timing, the district-level plans should be finalized by the beginning of January. The state level Annual Work and Budget Plans are then prepared and submitted to the Project Approval Board by April. Once plans are submitted, the MHRD scrutinizes the plans in consultation with the relevant state government, before approving the final version and transferring the funds to SIS.

Fund flows to schools

Once plans are approved, MHRD instructs the Reserve Bank of India to transfer the agreed amount to SIS. The entire process takes a minimum of 15 days. State governments are also expected to transfer their share of

funds to SIS immediately.[7] *Figure 4.4* shows the funds transfer process. Funds are transferred in two instalments: the first instalment is released in April (at the start of the financial year) and the second in September. The first instalment is referred to as an ad hoc grant, which is not dependent on any conditionalities, such as submission of utilization certificates and audit reports.[8] Release of the second instalment depends on the fulfilment of the following two conditions: that the transfer of the state government share to SIS is made within 30 days of receipt of the central contribution; and that the SIS has utilized to date at least 50 per cent of the funds received.

Figure 4.4   Diagrammatic representation of fund flows
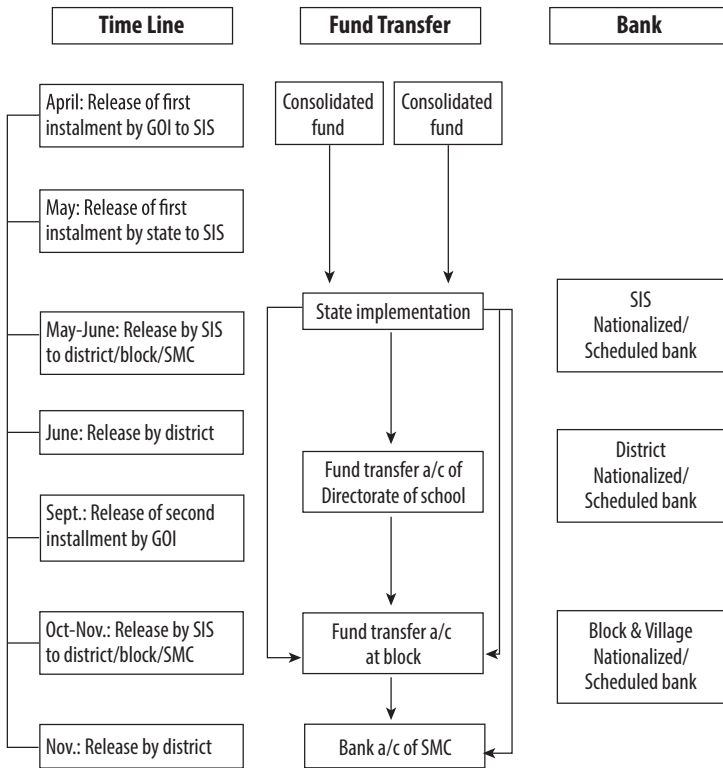
7.   The government's contribution to SIS is based on a sharing agreement with state governments. In 2010–2011, the government contributed 65 per cent of the state's total SSA budget, while state governments contributed the remaining 35 per cent.
8.   The amount of the ad hoc grant disbursed usually does not exceed 50 per cent of the actual funds utilized by SIS in the previous year.

Once funds arrive at the district bank account from SIS, the district is expected to transfer funds to schools (based on school-specific entitlements) within 15 days of receipt. Funds can reach school bank accounts in three different ways:

• *Direct transfers:* These are made from SIS to school bank accounts (common in states that have a well-functioning e-banking network).
• *Through the district and block:* In many states, SIS transfers a proportion of the funds to the district, which then transfers school-specific funds to the block, which in turn transfers funds to the school. This process tends to be manual and funds are transferred using cheques (though some states have shifted to the electronic transfer system).
• *Directly from the district to the school:* In some states, funds are transferred directly from the district to the school bank account.

4.3 Programme implementation process

Key actors involved and their main responsibilities

Government of India

The Department of School Education and Literacy (DoSEL) of MHRD is the key policy body for designing, funding, and monitoring SSA. Its specific responsibilities include: setting norms and standards, developing capacity through training of human resource personnel, providing academic support to state governments, disseminating good practices across states, and monitoring and evaluating outputs and outcomes. As seen in *Figure 4.2,* SSA is managed and monitored at national level through the following:

• *The Governing Council:* Headed by the Prime Minister and with the MHRD Minister (Cabinet minister) as vice chairman, the Governing Council is the apex planning body for elementary education in India. The Council has complete autonomy over the utilization of funds sanctioned by the Parliament for SSA. Its primary responsibilities include policy-making (setting standards, designing curriculum), developing rules and guidelines, providing resources to states, and monitoring implementation (MHRD, 2008).
• *The Executive Body:* Headed by the Minister of State for School Education and the secretary of DoSEL, this body is responsible for overseeing the management of SSA and monitoring its progress.
• *The Project Approval Board (PAB):* PAB is the chief planning and budgeting body. Its responsibilities include scrutinizing and

approving annual budgets and plans for states, districts, and other institutions implementing SSA.

State government

At the state government level, SSA activities are financed and managed by SISs that have been set up in parallel with the state's education department. The Rajasthan SIS is called the Rajasthan Council for Elementary Education (RCEE) and is responsible for state-level planning, disbursement of funds to the district, and providing academic support (including teacher training and implementation monitoring). The state project director, a senior officer of the government bureaucracy, heads RCEE. Parallel to RCEE, the state's education department is in charge of the provision of teacher salaries, infrastructure, and state schemes such as scholarships and uniforms. This accounts for a substantive amount of the administrative costs of education delivery (MHRD, 2011).

District level

Within the Indian administrative system, the district is the key administrative unit for the delivery of social sector programmes. By design, the delivery of education at the district level is divided, like the state, between two senior officers: the District Education Officer (DEO) from within the state's education department, who is responsible for the delivery of all education-related programmes; and the District Project Coordinator/Officer (DPC/DPO), who is specifically in charge of SSA activities in the district. In 2010, the Government of Rajasthan merged the posts of DPC and DEO to form a new post of Elementary Education Officer (DEEO). The DEEO is now responsible for monitoring and managing the flow of all SSA-related finances.

Further, in October 2010, the Government of Rajasthan introduced a new stakeholder in the delivery of elementary education: the district local government or Zilla Panchayat (ZP). The ZP, headed by the Zilla Pramukh (elected president,) is in charge of overseeing the implementation of elementary education in the district (acting as a district minister for education) and is supported by a chief executive officer (CEO), a career bureaucrat. Within the administrative hierarchy, the DEEO reports to the CEO and the Zilla Pramukh on all SSA-related matters.[9]

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9. Government of India order issued by the Office of the Chief Secretary, Rajasthan Government, dated 2 October 2010.

Block and cluster level

The block, headed by the Block Development Officer (BDO), is the smallest administrative unit within the Indian administrative structure. The BDO is assisted by a number of officials who look after different domains. As in the districts, the block has two official positions: a Block Education Officer (BEO) and an SSA specific Block Resource Centre Coordinator (BRCC). However, in Rajasthan, a single post has been created, the Block Elementary Education Officer (BEEO), who is responsible for the delivery of all educational activities including the daily provision of academic support to teachers and SMCs.

To manage the day-to-day administration at school level, SSA created one more layer of administration below the block, called a cluster. A cluster caters to between 5 and 15 villages (depending on size and population) within a block. Every cluster has a Cluster Resource Centre, which is headed by a Cluster Resource Centre Facilitator. In 2010, Rajasthan introduced a new post at the school level called a nodal officer to replace the Cluster Resource Centre Facilitator. According to one of the nodal officers interviewed, their role is that of a senior headmaster who is in charge of managing and overseeing the daily administration of a cluster of 15 to 30 schools in a block. The nodal officer is the closest point of contact for all official matters at school level.

Village and school level

At school level, SMCs are responsible for making annual plans, monitoring school functioning, and spending SSA funds. Every SMC has a bank account in its name, which is operated by the SMC president (a parent) and treasurer (the headmaster). All school grants and other monies for school specific expenditures are transferred to these bank accounts. In 2010, the Government of Rajasthan issued an executive order mandating the creation of these SMCs across the state. Evidence from state interviews suggests that these committees have indeed been formed.

Programme implementation process in Rajasthan

Fund transfers to the Government of Rajasthan

In 2010/2011, records show that MHRD approved Rajasthan's plan in early May and issued the allocation letter for the first instalment amounting to Rs.380 crores (US$83 million) in the third week of May. It took two weeks for the sanction letter to be cleared, and the money arrived in the RCEE bank account in the second week of June 2010. The Government of India then released the second instalment in three

batches between July 2009 and March 2010. According to the minutes from PAB meetings in 2010/2011, by the end of the financial year, the government had transferred 71 per cent of its total share (based on a 65:35 sharing ratio).

Fund transfer to the State Implementation Society (SIS)

The state government releases its funds in five instalments throughout the financial year – a departure from the guidelines, which require these funds to be released in one instalment.[10] Interviews with officials indicate that this is an accepted practice in fund transfers from different levels of government because they are often not able to meet the conditions imposed for the transfer of the entire second instalment (such as submission of utilization certificates and audit reports). As a consequence, the instalment is divided into multiple batches. By the end of the financial year, the state had released 105 per cent of its total share. Overall, SIS received 83 per cent of its total allocation in 2010/2011 (Government of India and state government transfers). *Table 4.1* provides an overview of the entire fund transfer process.

Table 4.1   Fund transfers from the Government of India and the Government of Rajasthan to RCEE

Government of India to SIS 2010/2011				Government of Rajasthan 2010/2011			
Quarter	Amount	% transferred	% transferred of total Govt. of India share	Quarter	Amount	% transferred	% transferred of total Govt. of Rajasthan share
Q1 (April–June)	38 000	27	19	Q1	30 831	27	28
Q2 (July–September)	40 933.3	29	20	Q2	54 882	48	51
Q3 (October–December)	54 299	38	27	Q3	0	0	0
Q4 (January–March)	10 000	7	5	Q4	28 700	25	26
Total	143 232	100	71	Total	114 413	100	105

Source: Details of annual releases since inception for SSA by the Government of India and the Government of Rajasthan were obtained from RCEE, Rajasthan.

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10. Details of annual releases since inception for SSA by the Government of India and the Government of Rajasthan were obtained from the State Project Office in Rajasthan.

Fund transfer to districts

Guidelines provided by SSA require the transfer of funds from SIS to SSA bank accounts in the district (from where the bulk of the expenditure takes place) within 15 days of SIS receiving money from the Government of India and the state government. In practice, interviews with the Assistant Finance Officer and the Deputy Director of Planning in Rajasthan revealed that funds are actually transferred to districts at different times in the year and only after they fulfil the required conditions.

To obtain an accurate picture of how monies flow to the district, a micro-study of money flows was made for one district, Jaipur. This revealed that funds reach the district sporadically throughout the year (*Table 4.2*). In 2010/2011, the first transfer was made to Jaipur in May 2010. By June, the district had received 28 per cent of the total district budget. This figure increased by 35 percentage points at the end of the second quarter (September) and remained constant until January, when additional transfers were made. By the end of the financial year, 92 per cent of the district's total SSA budget had been transferred.

Table 4.2   Monthly transfer of funds to RCEE and Jaipur district

Month	RCEE: % released as a proportion of total allocation cumulative	Jaipur: % transferred from total allocations cumulative
April 10	7%	0%
May 10	22%	15%
June 10	22%	28%
July 10	42%	40%
August 10	53%	48%
September 10	53%	64%
October 10	53%	64%
November 10	71%	64%
December 10	71%	64%
January 11	71%	78%
February 11	79%	83%
March 11	83%	92%

Source: Monthly expenditure statement, obtained from RCEE and district office.

Fund transfer from district to schools

To obtain an accurate picture of fund transfers (receipt and expenditure) of school grants, this section uses data collected through the 2011 PAISA district survey. Its findings are based on an in-depth study of the Jaipur district. However, they are broadly representative of the fund flow across the state. The survey traced the flow of school grants for a two-year period between 2009 and 2010, and 2010 and 2011. Survey findings reveal two main trends.

First, significant numbers of schools do not receive their grants in a given year: as many as 34 per cent of schools in the Jaipur district did not receive any school grants across the two years. There are minor variations across grant type: 72.6 per cent of schools reported receiving TLM, 67.4 per cent reported receiving SDG, and 60 per cent of schools did not receive their SMG funds. When the survey investigated the reasons for schools not receiving their funds, most officials claimed that the funds had been withheld because schools had not submitted their financial documents on time.

Second, funds only reach schools halfway through the financial year. In 2010/2011, as many as 50 per cent of schools in the PAISA survey reported receiving them between October and December. This is significantly late in light of the fact that the school year starts in April, and it is expected that most of this money will be spent on essential supplies for the daily running of the school. Delays in fund flows cause various problems at the school level. In an interview with the headmaster of a school where school grants had been received in April 2011 for the financial year 2010/2011 (i.e. they were received the following financial year), the headmaster revealed that he and his colleagues often have to incur expenditures out of their own pocket or through loans taken from the community, which they later reimburse once the grants are received. Interviews with officials point to a variety of interconnected reasons that account for these delays. These include:

- *School grants are a low priority for education officials:* Administrative expenditures (in particular, teacher salaries) are substantial and are thus given first priority. The first (and earlier) instalment is used for meeting these expenses, and schools have to wait for the second instalment before receiving their money. The second instalment is contingent on the fulfilment of various conditions and is often delayed. These delays have an unintended effect on the capacity of schools to receive funds.

- *Cumbersome procedures:* The SSA financial requirements mandate that schools only receive grants after they have submitted utilization certificates for previous years. This process involves significant paperwork and, owing to low administrative capacity at the school level, is often delayed. Delays in submission of utilization certificates in a given year results in delays in receipt of fund flows for the following year.
- *Difficulties related to the banking system:* Funds are transferred to schools through an e-banking network. Although Rajasthan has a strong e-banking network, anecdotal reports suggest that the network does not reach remote areas and it can take months for schools in such areas to receive their money. According to one headmaster (who had not received the school grants for an entire financial year),

> the block officials told me that the reason for the delay was the transfer of accounts from the local bank to the central bank, thereby causing such a severe delay that the previous year's grants only arrived the following year.

Do schools spend their grants?

Once received, it is expected that headmasters will spend the grants in consultation with the SMC. The PAISA survey reveals interesting trends on school-level expenditures. Overall, schools do spend their money: in the Jaipur district for the year 2010/2011, 100 per cent of schools reported spending the SMG and SDG grants, and 97 per cent of schools spent the TLM grant. However, a substantial proportion of school grant expenditure is incurred in the last six months of the financial year. Importantly, the PAISA survey finds that there is a significant gap between receipt of funds and incurring expenditures. It takes schools a minimum period of two months to start spending money. The median interval between grant receipt and expenditure was 94 days in the case of the TLM grant, 87 days for the SDG grant, and 100 days for the SMG grant.

One of the primary reasons for this delay is lack of awareness on the part of headmasters and SMCs of when grants have been transferred. According to a headmaster in an upper secondary school,

> We are never told when the grants will arrive and are thus unable to spend on time.

Apart from these reasons, long distances from banks also result in delays in depositing and withdrawing funds. It is also interesting to

note that schools have relatively little flexibility on how they spend their money. Moreover, expenditures are often incurred based on executive orders issued by district officials. For instance, schools complained of having to purchase furniture, even if none was needed, as district officials had decided that all SDGs for the year had to be spent on furniture.[11]

4.4 Transparency and accountability mechanisms

There are a range of transparency and accountability mechanisms built into SSA. Before examining these in detail, it is important to consider the primary points at which the scheme is vulnerable to the risk of corruption and fraud. Perhaps the largest source of corruption in SSA is found in the infrastructure component. As mentioned, infrastructure (school buildings, classroom buildings, major repair work) accounts for a large portion of the SSA budget. There is little documented evidence of the form that this corruption takes. However, anecdotal evidence suggests that corruption occurs throughout the entire process, from the tendering of vendors to the procurement of materials and sanctioning of construction works. District officials take most decisions related to infrastructure activities. Funds for infrastructure, once sanctioned, are then transferred to the school bank accounts where the headmaster incurs the expenditures. Usually, all officials in the decision-making and expenditure chain (including the headmaster) collude in the process, with each receiving a cut.

In terms of school grants, given that they take the form of small sums of money, there is relatively little scope for serious fraud. However risks still exist. Anecdotes reveal that teachers often spend TLM monies on personal expenses. Another common source of corruption is related to whitewashing. The PAISA national report (2010) found that as many as 90 per cent of schools across the country whitewash their walls, and anecdotal evidence points to cases where a 'cut' is taken by the headmaster when whitewashing contracts are given (Accountability Initiative, 2011).

But perhaps the greatest risk of corruption with school grants results from the delays in monies reaching the school. As mentioned, headmasters often use their personal funds to make expenditures for essential items and then backdate the books to reimburse themselves.

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11. This de facto curbing of discretion at the school level is not limited to Rajasthan. During the PAISA survey, in the state of Bihar headmasters complained of having to use their SDG funds to purchase storage cupboards, as this was ordered by the district officials.

This backdating is now a common and accepted practice. While on the one hand it is essential in the face of systemic inefficiencies, it does create risks of fraud as there is no way of verifying whether expenditures were actually incurred and on what. Furthermore, delays in fund flows result in delays in spending and the pressures of delivering utilization certificates (UCs) to access the next round of funding result in rushed last-minute expenditures.

This rush of expenditures also creates perverse incentives for corruption as last-minute pressures to spend take the focus away from the nature of the expenditures to simply spending money and producing UCs. Consequently, there is little official monitoring of what is bought with the money and headmasters can potentially concoct UCs to ensure the books are in order. These risks are further exacerbated by the lack of incentives among district and block officials to regularly monitor actual expenditures and activities on which schools spend their money. This is because the financial rules are designed in such a way that the district classifies releases of funds to schools as expenditures. These expenditures are then aggregated in annual expenditure statements and are only adjusted once the audited reports are finalized. This can take up to two years. Given that school grants constitute such a small portion of the district's total expenditures, they are often ignored. Thus, there is minimal official monitoring of school grant expenditure and coupled with pressure to submit utilization certificates, this compromises efforts to monitor expenditure quality.

Transparency mechanisms

To facilitate transparency to citizens, SSA guidelines mandate the implementation of a range of transparency mechanisms, which are detailed below.

School-level display boards

To promote school-level transparency, all schools are expected to have display boards (usually painted on the school building) available for public scrutiny that report on key information related to the daily functioning of the school. This includes information on children and teacher attendance, enrolment levels, and information on all financial investments made by the school. Publicly displayed transparency boards are an important feature of community-based monitoring. In particular, display boards are required to contain information (including details of

dates and amount of money received and spent) on all the three main annual grants (MHRD, 2008).

However, in practice, this mandate has not been implemented. Findings from the PAISA survey in Jaipur in 2011 reveal that only 28 per cent of schools surveyed had a display board with grant information. Moreover, the quality of information was found to be wanting. The PAISA survey found that, of these schools, only 48 per cent displayed up-to-date information, that is, information was provided for the current or previous fiscal years (2011/2012 and 2010/2011 respectively).

Web portal and management information system

To facilitate broader access to information related to all SSA finances, the Government of India maintains a national SSA portal[12] using a sophisticated management information system (MIS). The portal has two interfaces: (i) government to government – an internal MIS for government officials to track interventions and expenditures incurred by states across the country; and (ii) government to citizens – developed to enable citizens to monitor the progress made in the different components of SSA. The progress made by each state is monitored on a quarterly basis. The 'citizen' section of the SSA portal contains a host of information, allowing citizens to regularly monitor the progress of the scheme. Dating back to 2005/2006, the SSA portal contains data on annual SSA budgets disaggregated by both state and component, annual expenditure and release data, audit reports, minutes of planning meetings, minutes of quarterly review meetings, and reports of the joint review missions.

However, there are many gaps in the quality of data. For example, the SSA portal provides detailed data only at the state level. For the districts, the portal contains only the Annual Work Plan and Budget as approved by PAB. For Rajasthan, the situation is worse as the state-specific SSA website does not provide any financial information. Moreover, given that there are few incentives within the delivery system to collect real-time expenditure information, the MIS does not present an accurate picture of school grants. In fact, the bulk of the financial flow data collected are password protected and therefore not in the public domain. While the website does report on overall allocations and expenditures, this is not updated regularly, often not even on an annual basis (e.g. the SSA website was not been updated between September

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12. Available at: www.ssa.nic.in

2008 and January 2011) and data on expenditures usually has a lag of around two years.

District information system for education

In addition to the SSA portal, the Government of India maintains a school-based information system called the District Information System for Education (DISE). Covering approximately 1.29 million schools spread over 633 districts across the 35 states and union territories of the country, DISE collects data on important aspects of the school, such as physical infrastructure and facilities, availability of teachers, enrolment by social groups, training of teachers, and receipts of grants. It prepares school report cards (see *Figure 4.5*) using data collected from a questionnaire completed by the headmasters of the individual schools.

Figure 4.5   Screen shot of DISE school report cards

SCHOOL REPORT CARD:2010-11*				
State BIHAR		District Name ARARIA		
School Code 10071206702		School Name CS RAHIKPUR		
Block Name ARARIA		Cluster Name A.M.S.ARARIA R.S		
Village Name GAIYARI		Name of Head Master		

General Information (PINCODE:854312)					
Rural / Urban	Urban	Distance from BRC (Km.)	7	Distance From CRC (Km.)	2
Year of Establishment	1997	Pre-primary Section	No	Residential School	No
Management	Dept. of Education	Lowest Class in school	1	Highest class in school	5
School Category	Primary only	Total Students (Pre-primary)	0	School Funds (In Rs.)	Recd. / Expd.
Type of School	Co-Educational	Shift School	No	Teaching Learning Material fund	1000 / 1000
Type of Residential School	NA	Academic Inspections	0	School Development Fund	5000 / 5000
No. of Visits by CRC Coordinator	0	Total Teachers (Pre-primary)	0	Collection from Students	0 / 0
Special School for CWSN	No	No.of visits by Resource teacher for CWSN	0	Approachable by all weather roads	Yes
Year of recognition	0	Year of Upgradation from Prim to U.Prim	0	No. of Visits by Block Resource Person	0

Staff Category (Primary & Upper Primary only)					
Teaching Staff sanctioned	5	Teacher(s) Male	1	Teacher(s) Female	1
Teaching Staff in position Primary	2	Teaching Staff in position Upper Primary	0	Non-teaching Staff	0
Contract teachers Primary	0	Contract teachers Upper Primary	0	Part-time instructor (Upper Primary only)	0
Graduate & Above	1	Working Days Spent on Non-teaching assignments	0	Head Master/Head Teacher	No
# Tch Involved in Non-teaching assignments	0	Avg. working days spent on Non-teaching assignments	0	Teachers with professional Qualification	2
Medium of Instructions	Medium 1 Hindi	Medium 2		Medium 3	

School Building, Equipment & Facilities					
Number of Building Blocks	Pucca 5	Partially Pucca	0	Kuccha 0 Tent	0
Classrooms Require Major Repairs	2	# of Classrooms for Teaching	4	Number of Other Rooms	1
Status of School Building	Government	Common Toilet	No	Separate Room for Head Master	No
# of Classrooms in Good Condition	0	Girls Toilet	No	Number of Blackboards	2
Classrooms Require Minor Repairs	2	Boys toilet	No	Electricity in School	No
Medical check-up of Students	No	# of Computers Available	0	Playground	Yes
Blackboard at Ground Level	1	Computer Aided Learning Lab	No	Land available for playground	NA
Furniture for Students	No	Ramps for Disabled Children	No	Drinking Water Facility	Handpump
Furniture for Teachers	No	Hand rails for ramp	NA	Measured campus plan prepared	No
Library	No	# of Books in School Library	0	Boundary Wall	No

The data is crosschecked and validated first at the district and then at state level. After the state is satisfied with the quality and reporting of the data, they are submitted to the national level for analysis and

dissemination. With the launch of the Right to Education Act (RTE), a set of new indicators has been added to gauge the extent of school compliance with RTE objectives and targets. These provide information on the constitution and functionality of SMCs and on the number of instructional days in the school.

The information collected from DISE is made available online to the public[13] after undergoing consistency checks and requisite post enumeration surveys. Citizens can locate a school by its DISE code (a specific code given to every school by DISE), or geographically by selecting a state and/or village (see *Figure 4.5*). To improve the quality of DISE data and to strengthen their reach, the government has mandated that information provided by schools to DISE should be publicly displayed in each school. In addition, the guidelines require that DISE data be read out to the local community during SMC meetings and other village-level public meetings (also known as Gram Sabhas).

However, while school report cards constitute a comprehensive and in some cases only source of information about school-level characteristics, they are also seriously affected by data lags. For instance, DISE currently provides updated information for the status of schools in Rajasthan for the year 2010/2011. However, details of the status of elementary education in the state are only provided for the year 2009/2010. In summary, the architecture of SSA incorporates strong transparency mechanisms that start at the micro-school level and lead all the way to the national level; however, their implementation remains somewhat weak, particularly in terms of data quality and timeliness.

Accountability mechanisms

SSA has several internal and external accountability measures that complement its transparency mechanisms. This section examines their implementation in Rajasthan.

Financial and auditing mechanisms

The internal mechanisms for accountability include concurrent monitoring mechanisms such as monthly and quarterly financial reporting systems (see *Box 4.3*), and post facto mechanisms such as annual financial audits. For school grants, in particular, financial audits are required at both district and school levels. At the district level, the

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13.   Available at: www.schoolreportcards.in

financial audit is expected to cover all subdistrict units at least once in three years. This audit is usually conducted by private agencies accredited by the Government of India. A similar procedure is followed at the school level. The DPO is expected to maintain records of all government audits and ensure compliance with their findings. In addition, the government's Comptroller Auditor General conducts periodic performance audits of the programme. These reports are submitted to Parliament, which is responsible for scrutinizing the reports and ensuring compliance with the findings.

Box 4.3   Financial reporting mechanisms under Sarva Shiksha Abhiyan

Quarterly fund flow and cash forecast statement: This is a quarterly cash flow statement submitted by the SIS to the government, which reports on fund receipts and expenditures incurred.

Quarterly progress statement: This statement provides information on physical outputs as well as financial progress (expenditure) achieved on a quarterly basis against the approved amount sanctioned by the government. This statement should be sent from SIS to the Department of School Education and Literacy at the end of each quarter of the financial year.

Report on the release of funds to the district: The statement is prepared by SIS and reports on the funds it received from various sources and those released to the district. The release of funds to the district is classified as an expenditure for the purpose of reporting, and is later adjusted upon submission of utilization certificates.

District-wise expenditure statement: This statement reports on district information relating to funds received, funds released, expenditures incurred, and the balance available at the end of each quarter.

Financial performance: SIS is required to send a report to the Department of School Education and Literacy on expenditures within 15 days of the close of each financial quarter. This statement provides all financial details including: opening balance, government releases, state releases, other receipts, total funds available, expenditures, and closing balance.

Status on financial indicators: This statement reports on the status of financial indicators, such as bank reconciliation, e-transfer of funds, web-based monitoring, submission of an audit report, and an annual progress report.

Findings reveal that Rajasthan is in compliance with the majority of key internal financial reporting and monitoring measures listed under the financial norms. According to an interview with a DEEO in Jaipur, officials stated that the monthly and quarterly progress reports are treated, in order of priority, as the most important reporting requirement within the SSA structure. The nodal headmaster compiles these reports

on a monthly basis and then forwards them to the DEE Office, from where the reports are collated and sent to the RCEE. However, none of these reports are proactively made known to the public. Audits are also undertaken regularly, but there are severe delays in the submission of these reports. Moreover, there is a significant delay in making these reports public. The 2010/2011 audit report is not yet available on the SSA website.

Interviews with headmasters and BEEOs highlighted an important flaw in these reporting systems: the absence of a system for providing information or feedback to headmasters on their performance. Additionally, many headmasters and BEEOs stated that they had not received any information on the schedule for payment or delivery of grants to be disbursed to the schools, which ought to be available through the monthly progress reports at the state and district level. Consequently, they were unable to predict the timeline for receiving grants and plan their expenditure accordingly. This demonstrates the weakness of transparency and information flows within the government system.

Monitoring mechanisms

In addition to financial and auditing mechanisms, SSA has also built in to its design a number of monitoring mechanisms both at the national and state levels, as well as at the school level. This section examines some of the key monitoring mechanisms and their implementation in Rajasthan.

Joint review missions: Monitoring agencies conduct progress reviews of the project every six months (MHRD, 2011). The joint review mission is an annual review process undertaken by a group of education experts and government officials set up by MHRD. The missions cover all states of the country. The last joint review mission for Rajasthan was completed in 2011.

District monitoring committee: SSA mandated the establishment of a district-level monitoring committee[14] responsible for monitoring programme implementation within the district. However, in practice these committees are non-functional. Interviews with officials suggest that these missions are taken seriously and their findings are regarded as important. In fact, district officials interviewed were unaware of the existence of a district-level monitoring committee.

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14. The district committee usually comprises public representatives, including members of Parliament and the State Legislature, the district magistrate, chief executive officer, and DEEOs, among others, and is tasked with monitoring implementation of SSA in the district.

School management committees (SMCs): With regard to accountability measures, the most important mechanism is perhaps the creation of SMCs, tasked with monitoring school grant expenditures through monthly SMC meetings. According to SSA financial guidelines, headmasters are expected to report on school grant expenditures during the monthly meetings. In terms of their functioning, findings indicate that far from serving as the primary medium for ensuring direct accountability to citizens, SMCs are in fact the weakest link in the implementation chain. One interview with the State Project Director and the Deputy Commissioner revealed that, although SMCs had been formed, very little has been done by the government to communicate key information, including on school grants, as well as their roles and responsibilities, and thus, for the moment, they are unable to perform their functions. In fact, many of the headmasters interviewed for this study stated that SMCs do not monitor schools because they are not aware of their roles and responsibilities, especially those relating to scrutinizing school accounts and expenses.

Social audits

One of the most unique features of SSA accountability mechanisms is the mandatory social audit. Social audits are a process through which citizens (facilitated by NGOs) scrutinize government-reported expenditures and other records and cross-check them against actual expenditures (Aiyar, Mehta, and Sami, 2011). The process owes its genesis to a grass-roots group in Rajasthan called the Mazdoor Kisan Shakti Sangathan, which in the early 1990s began to access government records (a process that later resulted in a national movement and ultimately national legislation on the right to information) and use them to cross-verify reported and documented information. Findings from this process were then shared through a public hearing, where citizens were invited to give testimonies and government officials were called upon to respond and take action. This process, called a social audit, has now become an important tool for strengthening local accountability in government programmes. Almost all major government programmes have a provision for conducting social audits.[15]

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15. Despite this provision, the only scheme by which social audits have been conducted with any regularity is the Mahatma Gandhi National Rural Employment Guarantee Act. For a detailed description of this scheme, see Aiyar and Samji (2009).

Within SSA, the expectation is that social audits are conducted once every six months by the SMCs. However, at present, not a single audit has been undertaken. The primary reason is the lack of any concerted effort on the part of government to build the capacity of SMCs to actually conduct social audits. In 2011, the National Commission for the Protection of Child Rights (NCPCR) took on the task of training SMCs and local government officials on how to conduct a social audit. This exercise is being undertaken in 12 states in the country, and the training in Rajasthan is expected to begin in January 2012. Currently the NCPCR is in the process of compiling a manual on social audits, which is to serve as the primary document for training local government (*panchayat*) and SMC members, who are expected to conduct these audits.

4.5 Indication of best practices

Are school grants an effective mechanism for financing elementary education? In principle, school grants constitute an important effort to try to promote greater decentralization and accountability in school management. However, the findings of this case study point to a wide gap between this principle and practice. Although critical to SSA's mandate to create a community-driven education programme, in practice, school grants are accorded a very low priority: in 2010/2011, school grants accounted for a mere 5 per cent of the SSA budget. Moreover, these grants are tied to very clearly defined expenditure items, leaving schools with very little discretion. This is the antithesis of decentralization. Implementation failures exacerbate the problem. Since school grants have a low priority, processing and delivery is accordingly slow.

Despite these flaws, India's experience with school grants holds important lessons on how to (and how not to) design a school grants programme. This section illustrates some broad design principles.

Flexibility in allocation to match school needs

Transferred funds should be tied to broad thematic norms rather than to specific expenditure items. These norms should have in-built flexibility. As an illustration, if a school wants to spend its funds on providing extra teaching materials in a given year rather than whitewashing walls, the norms should allow for that. To ensure accountability, these decisions should be taken in consultation with SMCs. Moreover, the basis of determining allocations should be such that it takes into account school-specific characteristics, unlike the broad 'one size fits all' system

in India where all schools receive the same amount of money irrespective of student size.

One method of determining allocations is to allocate grants based on a per child calculation. Interestingly, several commentators on India's system, including the government's own joint review mission, have argued for this. For instance, the report of the 11th joint review mission argued that:

> the one size fits all SSA norm is an inadequate method of determining grant allocations. The mission proposed that in order to reflect the student strength of the school rather than providing the same grant for all schools, a scale or 'slab' system could be devised which would provide larger school grants for larger schools.

Procedural simplicity

Strong accounting procedures are essential in a system that privileges local discretion. However, given that in most developing countries capacities at the local level are limited, it is imperative that a transfer system is designed such that accounting procedures are simple enough for schools to comply with them.

Predictability in fund flows

Schools must be clearly informed of the timing of the arrival of funds so that they can plan accordingly. To ensure that subnational governments devolve funds to schools in a timely manner, steps can be taken to build in a reward and sanction-based incentive structure. This could include penalizing subnational governments that delay fund transfers by requiring them to pay schools interest on delays.

Strong information systems

A well-designed, transparent management information system forms the core of the school grants system. At least in terms of design, there is a lot that a country can learn from India's experience. India's national-level web portal is a good example of creating a macro database for tracking fund flows and expenditures across the country. However, for this to be really effective, it must be able to track finances in real time. With improved information technology systems around the world, this is easily achievable. Also, India's transparency boards are a good example of how to ensure that crucial financial information is made available to citizens. However, here too steps must be taken to ensure that these provisions are actually complied with.

4.6 Conclusions and recommendations

This case study draws on the experience of implementing school grants in Rajasthan to understand how provision works in practice. It specifically focuses on the institutional and planning structure for implementing school grants; the financial management process, in particular the flow of monies to schools; the expenditures at school level; and the transparency and accountability mechanisms. Through this analysis, some broad conclusions can be drawn on the strengths and weaknesses of school grants.

Institutional structure for implementing school grants

School grants are delivered as part of a broader set of processes for implementing SSA. All state governments have set up an SSA society (referred to as the State Implementation Society). In Rajasthan, the society is called the Rajasthan Council for Elementary Education. Headed by a senior government official (or state project director), the society is the chief implementing body of the programme. It implements SSA at the subnational level through district-level education officers. The district education officers are assisted at the block level (the block is the last administrative unit in India) by a BEEO, whose primary responsibility is to provide 'academic' and day-to-day administrative support to teachers. At the school level, SMCs have been set up to make plans and monitor the functioning of the school. It is expected that the school grants will be spent in consultation with the SMC.

According to the SSA design, all financial allocations and expenditure decisions are made on the basis of a decentralized annual planning process that begins with the development of school-level plans. These plans are then aggregated at the subnational (district) level and assembled in a document called the Annual Work Plan and Budget. These plans are then aggregated at the state government level, and then discussed with the Government of India's Ministry of Human Resource Development (the line department that oversees the SSA). The final allocation is an outcome of these discussions. In practice, however, this process begins at the district level. This study found no evidence of actual preparation of school-level plans. Moreover, actual grant allocations to schools are based on norms fixed by the government over which neither state governments nor schools have any real flexibility. Moreover, school grants are tied to very clearly defined expenditure norms and schools themselves can exercise no discretion over how much monies they get and how they can spend it. Planning is de-facto centralized.

The financial management process

To assess the efficacy of the financial management process, this study focused on the actual flow of school grants to schools through the year. To reach school bank accounts, school grants must pass through a long chain of education officers. In Rajasthan, school grants first arrive as part of a large package of SSA monies to the state governments' RCEE. From the RCEE they are then transferred, along with other SSA funds, to the district. The DEO then sends the grants onwards to schools. Delays in any one step of the chain affect the timeliness of the flow of money to schools. To assess the process of fund flows, this study traced the timeliness of money flows from the government to the RCEE down to the school. Owing to data complexities (these data are not readily available) this tracing was limited to a micro-study of one district in the state, namely Jaipur.

Broadly, the findings suggest that both the state society and the district receive about 50 per cent of their funds by the end of September (half way through the financial year). However, it takes the district significantly longer to transfer school grant funds onwards to schools. The findings show that just about half of Jaipur's schools received their money by the end of September. More worrying, the study traced the actual receipt of school grants across two financial years, 2009/2010 and 2010/2011, to find that as many as 34 per cent of schools in the district reported that they had not received any funds in one of the two years. This is in spite of the fact that all schools are entitled to receive their school grants annually.

The study identified two main reasons for this trend of delays and limited grants reaching schools. First, school grants are considered of low priority within the education system. Under the current SSA model, the bulk of SSA finances are allotted to recurring expenditures such as salaries (especially teacher salaries) and large infrastructure. These activities are accorded priority and in the first half of the financial year, the education bureaucracy is busy incurring these expenditures. School grants are only distributed once these large expenditures are made. The second reason cited for delays is that schools themselves do not meet conditionalities for grants. According to the financial rules, all schools are expected to submit documentary proof of utilization, known as UCs in the Indian administration, of the previous year's funds. Schools are only eligible for their grant money if they submit these certificates. Delays in submitting these certificates result in delays in funds reaching schools. Importantly, in the event that a school does not submit its UCs

for a given year, it does not receive funds for that year. These leftover funds are then reappropriated by the state society. Delays in fund receipts mean that school headmasters often use their personal funds, or funds from other expenditure items to purchase supplies. Headmasters then reimburse themselves when funds arrive. Such practices seriously compromise accountability.

Expenditures at the school level

The good news is that when schools receive their money, they spend it. However, the study highlighted several delays in actual spending. On average it takes schools about two-and-a-half months from the date of actual receipt of money to start spending. Moreover, a worrying trend of limited discretion over spending was observed even within the norms defined by the government. For instance, schools reported that officials at higher levels of government often mandated that all schools spend their school development grant on purchasing furniture, even though some schools had no such requirement. Consequently, there is almost no link between needs in a school and actual expenditures incurred.

Transparency and accountability measures

By design, SSA has built-in measures that emphasize transparency and strengthen accountability directly to citizens. The most far-reaching of these measures is the provision to conduct social audits. Social audits are an accountability mechanism developed by a grass-roots group in India in the mid-1990s, whereby citizens (facilitated by NGOs) access government records and quite literally 'audit' them by cross-verifying with realities on the ground. Findings from these audits are then shared and discussed at a public hearing. At these hearings, citizens give testimonies based on audit findings and government officials are invited to respond and take action. Social audits are now widely accepted in India as a critical mechanism to strengthen accountability at the last mile, and form a part of most service delivery programmes. The SSA guidelines mandate that the SMC undertake a social audit at least once every six months.

However, in practice, there is no evidence of social audits having being undertaken in Rajasthan. The primary reason for this is that the government has done little to facilitate the process in terms of both making information available to citizens and building capacity to undertake audits. In 2011, the regulatory authority in charge of monitoring the right to education in India took charge of undertaking

training of NGOs and SMCs in 12 states in India, including Rajasthan, on the process of conducting social audits. The first round of trainings in Rajasthan is scheduled for January 2012.

In summary, the study points out that although in principle school grants are a useful tool to strengthen decentralized management of schools and build parent ownership and participation in school functioning, in practice, as they have unfolded in Rajasthan, school grants have failed to deliver on their promise. Our study identified two sets of problems.

The first set relates to the design of the school grants themselves. School grants actually comprise only a very small portion of the total elementary education budget and in fact have very little discretion built in to them. Grants arrive at schools tied to very clear expenditure items and schools have no flexibility over how much money they can get and how they can spend this money. This is the antithesis of decentralization.

The second set of problems relate to implementation failures. The processes through which funds flow to schools are complex and tied to cumbersome procedures and paperwork. Consequently, schools receive their money very late in the financial year. Moreover, if schools are unable to meet the paperwork requirements, they do not receive their money at all. This creates several problems at the school level, not least that expenditures rarely meet school needs. Finally, a strong decentralized system rests on a system of transparency and accountability. While the current system has in-built, powerful transparency and accountability mechanisms, relatively little has been done to ensure that these are implemented in practice.

Finally, India's experience also holds lessons on how to (or how not to) design a school grants transfer programme. Lessons learned from the Indian experience point to the following key elements of a well-designed school grants programme: flexibility in fund allocations so that schools have real discretion over expenditures; simplified procedures so that schools are not penalized for failure to meet procedural requirements – this is particularly important in light of the fact that frontline capacities in most developing countries are weak; predictable fund flows so that schools can plan effectively; and strong information flows so that fund flows can be monitored in real time and accountability strengthened.

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Appendix. Organizational structure of Rajasthan

STATE	**Line Department**	**SSA Mission (Rajasthan Council for Elementary Education)**	**Local self-government**
	↓	↓	↓
	Education Department: headed by State Education Minister Responsible for overall administration of education in the state	**State Implementation Society: headed by State Project Commissioner (SPC)** Responsible for overseeing overall implementation of SSA	**Panchayat Raj and Rural Development Department: headed by Minister for Rural Development and Panchayat Raj**

DISTRICT

HIGHER AUTHORITY

Zilla Panchayat (ZP): headed by the Zilla Pramukh. The implementation of all activities programmes and policies, relating to elementary education will be mediated through the Zilla Panchayat

LOWER AUTHORITY

District Project Coordinator (DPC): Responsible for monitoring school operations and expenditure

District Education Officer (DEO): Responsible for monitoring school functioning and expenditure DEO and all associated officers will work under the ZP

Chief Executive Officer: Carries out all the policies and decisions of the Zilla Panchayat

Assistant Programme Coordinators (APC) (4): Assist the ADPC in the implementation of specific programmes under SSA

Additional District Programme Coordinator (ADPC): De facto responsibility for overall Implementation of SSA

Programme Assistants (PAs) (3): Assist the ADPCs and the APC in programme implementation

BLOCK

HIGHER AUTHORITY

Panchayat Samiti: headed by the pradhan. The BEEO, officers below him, and all persons working in primary and upper primary school will work under the Panchayat Samiti at the block level

LOWER AUTHORITY

Block Elementary Education Officer (BEEO): responsible for administration of education at the block level.
The BEEO is the officer responsible for elementary education to the Panchayat Samiti and will work under them

Block Resource Centre Coordinator/Facilitator (BRCC/F): responsible for conducting training. (Post has been phased out and the responsibilities of the BRCF have been given to the BEO)

Additional Block Education Officer (ABEO): (generally four in every block) Assists the BEO with their responsibilities

Programme Assistants (PAs): assists with specific programmes at the block level

Resource Persons (RP)(3): to assist with training at the block level

Junior Engineer (J.En): responsible for monitoring civil works to be undertaken under SSA

CLUSTER

Cluster Resource Centre Facilitator: has been replaced by the Nodal officer. The Nodal officer is the headmaster of one of the schools in the cluster and serves as the interface between the block and the schools, responsible for assessing school needs for formulation of the block level plan

VILLAGE

Gram Panchayat: headed by the Sarpanch

School Management Committee (SMC): Responsible for planning and monitoring school functioning

Headmaster : responsible for the overall functioning of the school

Chapter 5
Primary Education for Disadvantaged Children Project, Viet Nam

Lena Thuphuong Nguyen

The Primary Education for Disadvantaged Children (PEDC) Project was implemented in Viet Nam from May 2003 through December 2010, and was financed by the World Bank's international development assistance (IDA) Credit, the Multi-Donor Trust Fund (MDTF), and the Government of Viet Nam. The project's aim was to improve access to quality primary education for disadvantaged children and to strengthen local capacity for decision-making and financial management in primary education programmes. It was designed to consolidate and follow up on the government's successes over the past 10 years in attaining universal primary education (UPE)[1] – the target set in the country's Education for All (EFA) programme was reached with the increase in the net enrolment rate from 80 to 86 per cent in 1990/1991 to 94 per cent in 1999/2000. However, problems persisted in terms of discrepancies between advantaged and disadvantaged regions, and urban and rural areas, as well as in the overall quality of education. Therefore, the aim of PEDC was to reach schools in disadvantaged areas and improve the quality of education they offered.

The capacity-building element of PEDC aimed at sustaining achievements made in UPE by providing local education authorities, particularly at the district level, with additional resources and investments. With these funds, districts could upgrade schools' physical facilities, and improve the curriculum and instructional material, as well as teacher qualifications. Enhanced capacity of education management also required investment in human resources and technological and office infrastructure, at both provincial and district levels. Of equal importance was modifying the division of labour between these two levels and providing incentives to follow practices for effective management. The PEDC budget was divided into four components,

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1. UPE was defined by the government as attaining the proportions of 70 per cent and 80 per cent of 14 year-olds who completed primary education in disadvantaged and advantaged regions respectively (World Bank, 2003: 3).

which illustrate the comprehensive nature and breadth of the project activities:

1. *Achieving fundamental school quality levels (FSQL)*: this component aimed at raising all the targeted schools up to FSQL standards. To achieve this, the component activities focused on enhancing the capacity of both schools to implement the changes and each district's administration to plan and monitor them.
2. *Education initiatives for highly vulnerable children*: this component specifically addressed the needs of disadvantaged children not necessarily located in the target provinces and districts, including disabled children and other high-risk groups (street children, working children, children living in fishing communities, etc.).
3. *National and provincial institutional and technical support for FSQL:* this component was designed to assist the Ministry of Education and Training (MOET) in introducing FSQL as a set of national standards at all levels of the education administration.
4. *Project management.*

Given the broad scope of PEDC activities, this case study focuses on the FSQL component as the most illustrative of benefit transfers to schools and also the component with the largest amount of funding.

The case report has been written based on analysis of available programme documents, monitoring reports, and in-person interviews. The author also consulted a number of scholarly articles on the related topics of corruption, governance, and education management, as a way to complement the background information. Thirty interviews were conducted with the project participants based on the questionnaire provided by IIEP. The primary purpose of the interviews was to understand how the project was designed and operated. Interviewees were selected so as to represent each level of project implementation (i.e. government officials at the centre, province, district, and school levels, and students of target schools). Accordingly, interviews were conducted at MOET in Hanoi with the PEDC Director and a member of the project coordination unit (PCU); at provincial Departments of Education and Training (DOET) with heads of departments in the Quang Ninh and Lang Son provinces; at district Bureaus of Education and Training (BOET) in Quang Ninh province with the head of the bureau in Ba Che and a member of the project committee in Tien Yen; in Lang Son province with a member of the project committee in Cao Loc and the deputy head of BOET in Loc Binh; and at schools in respective districts with headmasters and students (Grades 3–4).

Provinces Quang Ninh and Lang Son were chosen randomly from among the participating provinces. Next, within each of these provinces, two participating districts were selected at random; and one school in each district was chosen. The selection of the school was based largely on its location in an ethnic minority area, which are also among the most educationally disadvantaged, so as to remain consistent with the project's focus on disadvantaged children. At each school, four to five students from the satellite campuses were interviewed to ensure equal distribution of interviewees among schools, while targeting the children with difficult access to school as the intended beneficiaries of PEDC.

5.1 Description of the Primary Education for Disadvantaged Children Project

FSQL objectives

The FSQL component served to raise target schools to minimum standards in terms of physical infrastructure, teachers' qualifications, school organization and management, education socialization (i.e. involving parents in supporting schools and students), and instructional materials. The component activities were oriented towards both school and district administration. FSQL further comprised four subcomponents, the descriptions and goals of which are as follows:

- *FSQL district management*: to strengthen the institutional capacity of district bureaus to plan and manage educational programmes and support schools to reach FSQL standards. This included improving the system of school data collection (such as information on their physical infrastructure), setting up a monitoring system, and developing an annual district-wide FSQL action plan for schools to consult.
- *Instructional improvement and teacher support for FSQL*: to address the pedagogical needs of disadvantaged children in satellite campuses through providing workshops for teachers, and organizing procurement of teaching materials and placements for teaching assistants.
- *Infrastructure improvement for FSQL:* to upgrade infrastructure in about 8,500 school sites.
- *Community participation and student support for FSQL and Universal Primary Education:* to strengthen parent associations at satellite campuses to both support and monitor FSQL standards. Parents were trained to manage a campus support fund sourced from FSQL

grants from the district. The component was piloted in 800 school sites for two years before being expanded across the remaining districts.

In terms of IIEP study variables, FSQL (and PEDC as a whole) can be described as follows: the incentives are provider-focused; it targets a specific group; the granting of incentives is conditional; the incentives provided are both cash-based and in-kind; and the implementation is centralized.

Target population

As its name indicates, PEDC targeted educationally disadvantaged children, defined as school-aged children (i) not enrolled in or at risk of not completing primary education, (ii) attending substandard schools, (iii) disabled or part of other vulnerable groups such as street children, children of migrant workers, and those from ethnic minorities or remote and poor rural areas. According to estimates quoted in World Bank documents, the number of disadvantaged children matching this definition certainly exceeds 2 million and may exceed 3 million. With the focus on educational providers, the FSQL incentives were primarily aimed at supporting district-level education authorities and schools operating satellite sites.[2]

The targeting was based on districts (i.e. not schools). Within a selected district all schools were eligible to receive project support on the condition that they were below FSQL standards. Given this condition, priority was accorded to satellite sites as those most obviously in need of the support to upgrade. Most main sites also fell below the standards defined as FSQL and were thus included in the project. The amount and type of support allocated to each site was decided based on assessed needs. Each school conducted a self-assessment of the quality of its main and satellite sites, the information from which was used to develop a school development plan (SDP). Factors included in the assessment were the physical quality of the school, its remoteness from students' houses, and the financial situation of the families. An official inspection team from BOET then verified the results.

Geographically, the project covered 227 of the poorest districts (out of a total of 615) and 40 of the poorest provinces in which approximately

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2. Satellite sites are campuses located away from the main school site, but which serve students who cannot travel to the main site because they live in remote places without ready access to road or transportation infrastructure.

70 per cent of disadvantaged children live (provinces are listed in the *Appendix* to this chapter). These included some 4,000 schools and 14,000 teaching sites with 2.7 million students (i.e. approximately 30 per cent of all students in Viet Nam), including 1 million ethnic minority students, 1.1 million poor students, and 1.2 million enrolled in satellite schools or multi-grade classes.

FSQL major characteristics

Focus of incentives: provider-focused

Given the objectives of FSQL, the funds were directed at district and school levels. Part of the funds went to strengthening the management capacity of the bureaus, including the creation of a district school data collection system for District FSQL Audit (DFA), to be later harmonized with the national Education Management Information System (EMIS). The bureaus were in turn responsible for allocating the resources to eligible schools within their jurisdiction according to each school's conditions and needs. The programme targeted schools that operated satellite sites by upgrading their infrastructure and teaching quality.

The FSQL standards (see *Table 5.1*) set the minimum standards below which a teaching site (main or satellite) qualified to receive the project support. The type and extent of support depended on the ways in which the site did not meet FSQL standards. For this reason, although satellite campuses were the primary target recipients of FSQL component funds given the overall low standards in the disadvantaged districts, many main sites were also included. The Community Support Fund (CSF) grant comprised part of the funding received at the school level, and was used to support students from the poorest households by providing them with clothes, notebooks, and on some occasions, rice, and so on. The parent teacher association (PTA) identified eligible children.

PTAs consisted of five to seven members and included head teachers, teaching assistants (TAs),[3] and volunteer parents. Because PTAs were often set up for the first time, a district community development specialist (DCDS) took part to help support their tasks. The PTAs were involved in supporting and monitoring FSQL. They planned and administered small expenditures using the funds provided

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3.   Teaching assistants (TAs) are bilingual members of local communities whose primary responsibility is to implement School Readiness programmes with the coordination of satellite schools and Grade 1 teachers. The TA initiative was initially introduced as a pilot programme and later expanded.

under CSF, and monitored the progress of civil works, especially at satellite sites.

Table 5.1   FSQL standards

FSQL Standards	Examples
1. Physical infrastructure	Schools and campuses have solid construction (walls, floors, and roofs) for classrooms and adequate natural lighting.
	Schools and campuses have one blackboard per classroom, sufficient tables and benches for students, one teacher desk/chair per classroom, and sufficient durable and transportable storage boxes or lockers for instructional materials.
2. Teaching staff	Teachers are minimally qualified at 9+3 level.
	Teachers receive annual professional training on relevant classroom management and pedagogical topics (e.g. crafting teaching aids, multi-grade teaching, remediation support, Vietnamese language instruction, inclusive education).
3. School organization and management	Each school ensures that each satellite campus offers the same quality of instruction, services, and resources as the main school site.
	Schools and campuses offer grades based on the full 175-week curriculum.
	Head teachers are trained in satellite campus management and support.
4. Education socialization	Schools and campuses each have individual parent committees.
	Parent committees at all schools and satellite campuses are trained in school and student support strategies.
5. Educational activities and quality	One set of teaching aids/instructional materials per grade is available to each school and campus.
	One set of teacher supplies is available to each teacher (e.g. ruler, scissors, chalk, paper, pen) in all schools and campuses.
	One full set of textbooks, a teaching manual, and other guides as required per grade taught are available to each teacher.
	One set of supplementary reading materials appropriate to all grades taught is available to each school and campus.
	All students have maths and Vietnamese textbooks.
	All students are equipped with a sufficient (minimum) number of notebooks and pencils.
	All teachers in ethnic minority areas are trained in teaching Vietnamese to children whose native language is not Vietnamese. Special Vietnamese language materials are available in all schools and campuses with ethnic minority populations.

Source: World Bank (2003).

Granting of incentives: conditional

The continuous participation of schools in the programme rested on the condition that they demonstrated progress in achieving FSQL objectives. This was monitored through a bottom-up reporting system and verified by the DFA system and by inspections from upper levels, and in the case of randomly selected schools, by joint World Bank-donor inspections. In their reports, schools provided information, including: progress of construction work, details of expenditure, benefits/resources received, school inventory lists, progress of teachers' training, students' learning achievements, and enrolment and dropout rates. Frequency of submission depended on the specific activity reported on, and included monthly, half-yearly, and annual, as well as *ad hoc,* reports. These reports from schools were prepared by headmasters (for aspects pertaining to school management, progress of civic works, and teaching quality) and PTAs (for spending of the CSF), and submitted to BOETs. These were then drafted into reports for provinces and sent annually to the central project coordination unit.

Nature of incentives: cash-based and in-kind

The transfers of project funds to educational budgets were incremental and included both in-kind and cash-based support. Cash-based incentives came from CSF and were granted annually and managed by PTAs. The primary objective of the CSF initiative was to encourage community involvement and to build its capacity for participation. The money was used for small purchases of classroom consumables and other equipment (e.g. water bottles, glasses, medicine boxes), and minor repair works. It was also used to support disadvantaged children by providing them with clothes, stationery, and learning materials for school readiness (SR) programmes.[4] According to the interviewed stakeholders, the amount of cash schools received ranged between VND3 to 4 million per satellite site, depending on their respective sizes and quality shortcomings. These data, however, are not representative across all participating regions.

The in-kind transfers, which formed the main bulk of FSQL payments, went towards developing infrastructure, including civil works (constructing or renovating classrooms, teacher rooms, water points, and latrines) and provision of furniture, teaching aids, and materials,

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4.   The School Readiness (SR) programme is a community-based, preschool programme aimed at strengthening Vietnamese language competencies in districts with a significant population of ethnic minorities, and where Vietnamese is used as a second language.

and related technical services. The extent of construction/repair was determined on the basis of the assessed gap between a given site's existing conditions and FSQL standards. Another category of in-kind transfers to schools was professional training for teachers at satellite sites on classroom management and pedagogical skills to match the minimum teaching quality standards set by FSQL. Training was provided through a cascade approach and teachers could attend more than one programme, depending on school-specific needs.

The programmes included training on child-based teaching, subject-based teaching, and Vietnamese language strengthening. Teachers learned methods to match their teaching to children's abilities and potential, and to manage multi-grade classes. In addition, training was provided to meet the pedagogical needs of ethnic populations (SR programmes and training of TAs) and as well as pupils with disabilities (Overcoming Barriers to Learning, and Exemplary Inclusive Education Services (EIES) supported teacher training). Head teachers and their deputies were trained in SDP preparation and education management. Training was also provided by DCDSts to strengthen the community's capacity for participation. The programmes here included managing and administering CSF for PTAs, school maintenance for community people (provided by DCDSs), and managing provincial trainers and DOET officials, with knowledge learned then passed down to head teachers and PTA representatives.

Mode of implementation: centralized

PEDC was originally designed to decentralize decision-making to local levels (i.e. districts and schools). In practice, decentralization was not implemented, with central authorities retaining decision-making power and local officials asking for decisions to be made at the centre. PEDC was therefore implemented under a centralized mode, with MOET as the chief agency responsible for its execution. A PCU was set up for overall planning and coordination of the work of the ministerial departments involved and of the local implementers at provincial and district levels. Operational manuals were then distributed to provinces and districts detailing their roles and instructions for implementation.

With regard to FSQL, the centre determined which districts were covered by the project and the criteria for selecting eligible schools. Local implementers, in this case BOETs and schools, followed instructions issued in manuals. It is important to distinguish between the fact that project implementation was centralized and that districts

were traditionally responsible for local education decision-making and management of the education budget. In this context, the project was developed to reinforce the existing arrangement by increasing the planning and management capacity of district bureaus.

Programme budget

The total initial budget for the PEDC project was estimated at US$243.67 million, which was intended to cover the project until 2009. After extending the project to the end of 2010, the sum was raised to US$265.98 million with the difference accounted for by the World Bank. Of this, US$156.40 million was funded by the World Bank's IDA credit, US$70.35 million came from the MDTF, and US$34.23 million from the government (see *Table 5.2*). The World Bank's estimated yearly disbursement was incremental over time until Year 4, after which it decreased (see *Tables 5.3 and 5.4*).

Table 5.2   Sources of funding (in US$ million)

Borrower – Socialist Republic of Viet Nam	34.23
IDA	156.40
Multi-Donor Trust Fund*	70.35
Total	265.98

* MDTF was financed by the following donors: Australia: Australian Agency for International Development; Canada: Canadian International Development Agency (CIDA); United Kingdom: British Department for International Development (DFID); Norway: Norwegian Agency for Development Cooperation (NORAD).

Source: World Bank (2010).

Table 5.3   Disbursements estimated in 2003 (in US$ million)

FY	2004	2005	2006	2007	2008	2009	2010
Annual	6.00	18.00	25.00	30.00	25.00	25.00	9.76
Cumulative	6.00	24.00	49.00	79.00	104.00	129.00	138.76

Source: World Bank (2003).

Table 5.4   Disbursement information as of December 2010 with differences due to exchange rate (in US$ million)

Total project amount	155.61
Disbursed amount	150.12
Undisbursed amount	703.56
Disbursement rate	99.53%

Source: World Bank (2010).

Of the four components that comprised the PEDC project, funding was allocated mainly to cover the costs of the FSQL component, which was apportioned US$227.73 million from the initial budget. This sum was further divided between the FSQL subcomponents (see *Table 5.5*).

Table 5.5   Estimated budget per FSQL subcomponent

FSQL subcomponent	Estimated budget (in US$ million)	Actual
FSQL district management	7.07	7.58
Instructional improvement and teacher support for FSQL	44.24	49.92
Infrastructure improvement for FSQL	163.61	161.11
Community participation and student support for FSQL and Universal Primary Education	12.81	15.36
Total	227.73	233.97

Source: World Bank (2011).

5.2 Programme design process

Parties involved in planning

The main actors involved in the design of PEDC were the World Bank and foreign donors, and MOET on the Vietnamese side. The Vice-Director of the Primary Education Department was appointed director of the project. National education specialists were also involved in the discussion on project design. The input of province and district education authorities was sought at national consultative meetings at which they could propose suggestions to the centrally designed plan.

Assessment of management capacity

Prior to implementation, the World Bank's IDA team and donors carried out an assessment of Viet Nam's capacity for financial management. The agencies were generally found capable of handling the accounting and disbursement tasks required for the project. However, weaknesses were exposed in terms of a shortage of accounting staff at all levels of the system, their lack of experience in managing IDA-financed projects, and technical/infrastructural shortcomings such as lack of a computerized accounting system. These limitations were addressed by providing technical training, operations manuals, and computer software.

A monitoring and evaluation (M&E) framework was designed which detailed impact and output indicators by respective objectives and

components. The information was to be sourced from the annual DFA and FII (FSQL Input Index), as well as the annual FSQL plans devised by BOETs through a district-wide consultation. The plans were based on the data collected from schools through their self-assessments (verified by BOET inspections), including an initial physical inventory of all their sites, and other educational indicators, such as school enrolment and retention and dropout rates.

Box 5.1   Impact of the Primary Education for Disadvantaged Children Project

Donors' evaluations and comments on the impact of PEDC were positive overall. The final report published by the World Bank rated the project as 'satisfactory'.

In terms of educational attainments, according to CIDA, the project:

> contributed to improving access to and the quality of education for approximately 2,700,000 educationally disadvantaged children, particularly girls, children from an ethnic minority background, and children with disabilities from poor regions of Viet Nam. The project has helped to narrow the gap of education between advantaged and disadvantaged groups (CIDA, n.d.).

While NORAD (2009) summarizes by saying that:

> clear benefits to students can be seen in terms of student learning, decreased drop-out rates, increased attendance and retention etc. ... After four years of project implementation, the rate of schools meeting FSQL standards has increased to 70.2 per cent. This growth rate is nearly double the national average and more than double the districts not in the project but in the same provinces. This figure demonstrates the effectiveness of the PEDC project in achieving FSQL for primary schools in project districts. PEDC is targeting the poorest and most disadvantaged communities.

With specific regard to the FSQL component, the following features were highlighted as having a positive impact on the education sector in Viet Nam:

- *Defining FSQL* as a set of realistic minimum standards for institutional capacity, teaching quality, and physical infrastructure for schools and their satellite sites in the disadvantaged areas to attain.

- *Setting up DFA*, a monitoring system to track progress towards attaining FSQL, which was an efficient tool for a decentralized system to collect data that were quantifiable and comparable nationally. It also served as a useful basis for planning at the district and higher levels. Putting DFA in place went together with developing local education planners and managers' capacity to analyse the data and use standards-based planning.

- It was noted that teachers successfully applied the skills they acquired through the *PEDC teachers professional development training*, including using new teaching methods and materials, as well as preparing their own, to adapt their teaching to children's pedagogical needs, especially with regard to inclusive education in ethnic minority areas.

> - Of particular importance for improving teaching quality were the following *PEDC pedagogical interventions*: Viet Nam Living Standards Survey, SR, and TAs programmes, which all helped to improve learning outcomes and enrolment and retention rates among ethnic minority children. The project mobilized community participation and created a sense of ownership over the new/renovated school premises. Also of importance was the creation of CSF, managed and administered by PTAs, and the roles played by DCDSs and TAs in strengthening, respectively, community capacity in participation (through monitoring and budget management) and its ties with schools.
>
> A delay in progress observed in MTR was a serious concern regarding the infrastructure component, but the component was completed according the plan. However, some concerns arose regarding the quality of final constructions. Nevertheless, beneficiary surveys showed overwhelming satisfaction among the community, parents, and students with the new and upgraded classrooms and schools.
>
> Finally, while the project aimed initially to strengthen decentralization of planning and financial management of primary education programmes, in practice power remained largely at the centre with the local government awaiting instructions and following decisions.

Establishing the FSQL framework and planning FSQL activities

The Vietnamese education system had placed emphasis on a few select elite schools, which received large investments to boost the quality of their teaching and infrastructure. Against this backdrop, the FSQL framework was introduced, defining minimum quality standards of educational services to be applied on a countrywide scale, with the aim of including disadvantaged children in the provision of quality education. Defining the FSQL standards created a benchmark to enable effective targeting of schools that were below these standards and effective monitoring of their progress afterwards. In the long term, applying FSQL standards on a wide scale was intended as the first step toward more ambitious and comprehensive national standards. At the same time, it was also recognized that the FSQL framework would need to be adjusted during the course of the project operation.

The planning for the FSQL sub-component on raising the quality of instruction was based on the experiences of previous initiatives and programmes to meet the pedagogical and language needs of disadvantaged children, including ethnic minorities. The programmes included interventions supported by Oxfam, Save the Children, and UNICEF, as well as the Ethnic Minority Education Component of the World Bank's Primary Education Project (PEP). The plan for school and classroom construction, another subcomponent of FSQL,

was developed using models established for similar projects: PEP's school-building component and the Primary School Construction project funded by the Japan International Cooperation Agency (JICA). These provided models for prototype designs of schools and classrooms, as well as for decentralized management.

Defining the focus of intervention

While PEDC was centrally coordinated, with MOET being the chief executing agency, the majority of implementation activities were carried out at the district level. Initially, the project was intended to support EFA programmes at the provincial level, but ultimately districts were identified as key units of intervention for three reasons. First, the focus on districts allowed better targeting of resources since the majority of educationally disadvantaged children were concentrated in just 30 per cent of districts. Second, most operational decisions were made by the bureaus, which possessed better local knowledge of resources and conditions in schools within their jurisdiction. Third, it was easier for bureaus to provide direct support to schools and reach out to local communities.

At the school level, the FSQL was designed to bring larger focus to satellite sites, which constituted a departure from earlier educational interventions. The satellite schools played an important role in expanding access to education and thus increasing the enrolment ratio, explaining the progress made in the 1990s. However, since for planning purposes they were considered a part of the main school, poor standards and educational attainments of satellite campuses tended to be masked by the main site and were, as a result, overlooked and not targeted. By bringing satellite campuses into focus, PEDC was in a position to better target disadvantaged children.

Participatory approach and needs-based allocation

PEDC was prepared using a participatory approach to ensure that key stakeholders (e.g. local education providers, community, parents, students and out-of-school students) were involved in its design. To this end, a sociological study was commissioned to seek their input into the project design, its specific interventions, and implementation arrangements. Surveys were conducted to identify both teacher and student needs, for example, Vietnamese language strengthening for preschool children. Based on this, the design of the project incorporated such components as the SR programme to better prepare ethnic minority children for whom Vietnamese is not their primary language, or the CSF

to stimulate parental and community involvement, particularly with satellite campuses.

At the implementation stage, DCDSs were to work in the BOETs to help mobilize communities. Their role included providing training for communities and parents, and supervising and taking part in PTAs. The aim was to build their capacity for budget management and monitoring construction works at satellite campuses, while stimulating their involvement in school life by including them in decision-making through administering the CSF grants. Apart from strengthening the ties between schools and the community, the CSF also afforded a degree of flexibility for schools to meet their locally specific needs, be it for clothes, water bottles, or medicine boxes.

Finally, rather than allocating an equal amount of funds to each locality, the centre disbursed money and resources according to the assessed needs. Schools reported their existing standards at all sites, and district officials then verified their self-assessment. The amount of resources then allocated and the type of intervention corresponded to each school or site's conditions, the objective being to bring them all up to the minimum quality level as defined by FSQL. For example, some schools did not require physical infrastructure upgrading, but their teachers participated in training to raise the school's overall teaching quality. In other words, the needs-based allocation mechanism for achieving FSQL standards was chosen to shift from equity of inputs to equity of outputs.

5.3 Targeting mechanisms used to select beneficiaries

This section describes how the target population was chosen, particularly how eligible districts were selected prior to project implementation; then how funds were allocated to schools within eligible district jurisdiction; and finally how the most disadvantaged children were identified to receive additional support.

District bureaus

Districts were chosen as the target level of project intervention for institutional strengthening. District selection was the first step in targeting the population of disadvantaged children. All districts nationwide were asked to collect data within their jurisdictions, including school enrolment ratios, enrolment numbers in Grade 1 at the proper age (6 years), and grade repetition and completion statistics. The data were provided by schools and then verified by inspections from BOETs. The

indicators were then used to calculate FII, which served as the basis for MOET's selection of the most educationally disadvantaged districts.

The FII was designed by PCU and the World Bank to assess the existing conditions and needs of schools from the participating districts against FSQL standards. It was then also used to track progress towards FSQL. It included a list of items describing quality standards at a school, each with a designated weight according to their perceived importance. The total maximum weights amount to 100, and a school was considered to have reached the standards if it scored 60 or higher. Out of over 600 districts, 227 were chosen with the lowest scores. The number of districts that could be covered by the project was determined by the availability of funds. Provincial departments informed the districts of their acceptance into the programme. The selected districts were located in 40 provinces nationwide.

The Viet Nam Living Standards Survey (VLSS) conducted by the World Bank in 1998, as well as other surveys on living standards, provided information for determining the target areas and population, and monitoring progress. So, while there was an overlap between economically and educationally disadvantaged areas, the selection criteria were intended to identify the educationally rather than the economically disadvantaged districts.

Satellite schools

Once districts were selected, they received grants to realize their FSQL plans. This meant that *all* schools within their jurisdictions were eligible to receive the project support, though the amount/type of support each school or site was allocated depended on its assessed needs. This was done based on a school's yearly reports and surveys of its physical inventory and teaching standards. The criteria were determined centrally, as described above, and included the site's remoteness, number of disabled children, the quality of school facilities, and children's families' economic situation. If found to be below FSQL standards, the school or site received the appropriate resources. Thus determined criteria effectively reflected the project's priority to target satellite schools.

Schools were informed about the project by BOETs and were delivered the instruction manuals for its implementation. The conducted targeting illustrates a top-down mechanism, whereby schools did not have to apply to participate in the project, but their eligibility was decided based on their location in the centrally selected district. One interviewee questioned the objectivity of the targeting mechanism:

since a school's eligibility to receive project support was determined by its district location, many schools that needed support and would qualify for it were excluded because they fell under the jurisdiction of a district that was overall better off educationally.[5]

Children from most disadvantaged households

The local community was informed about the programme and its progress at public meetings and parents' meetings. PTAs decided which children were to receive additional in-kind benefits based on their families' financial situation, and decisions were also announced at public meetings. The benefits included clothes/uniforms, books, and sometimes rice. As an interviewee noted, determining which families were the poorest in the commune ($x\tilde{a}$), and therefore, whose children were eligible for the benefits, posed difficulties, especially given that the living standards of most households were comparably low. As a means to address this question and to avoid misunderstandings within the community, parents' committees announced their decisions in public, as they also did whenever the school received in-kind incentives or any expenditure was planned. In addition, the commune authorities needed to certify and keep documented evidence of student beneficiaries.

5.4 Programme implementation process

Key actors and institutions involved and their main responsibilities

This section identifies the institutions and actors involved in project implementation and their specific roles. Each level of project coordination was legally responsible to the upper level for the right use and allocation of project resources to achieve FSQL goals.

International involvement

The World Bank and donors played a crucial role in providing technical support in planning and setting up the implementation and monitoring mechanisms at the central and provincial levels. The experiences gained from World Bank–Government cooperation on other education projects and poverty assessments provided the basis and framework on which to build the PEDC efforts. Nevertheless, the project was slow to get off the ground and required significant donor oversight.

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5. Another component of PEDC, the Education Initiatives for Highly Vulnerable Children, which falls outside the scope of the current case study, addressed this issue to some extent by targeting the educationally disadvantaged children in districts not covered by the project.

International specialists worked across central management structures, and an international project advisor was appointed to assist the Project Director for the first one or three years depending on the nature of the tasks of the designated teams. A MOET counterpart later filled some of the advisor positions.

Particular attention was paid to ensuring that procurement procedures complied with IDA standards. In addition to workshops and trainings, an international procurement advisor was provided to assist with the procurement activities of the PCU in the first year, as well as to provide training for provincial PCUs and prepare an operational manual to streamline procurement procedures for the national staff. The IDA team reviewed project reports from PCU. Monitoring field trips and audits were conducted by IDA, together with other donors (DFID, AusAID, CIDA, and NORAD).

Central level: PCU and MOET

MOET was the main responsible executing agency for the PEDC project. As in the case of other World Bank-funded education projects, a PCU was created within MOET and attached to the Primary Education Department for overall project coordination. The PCU staff consisted of members from MOET departments and domestic and international consultants. It was headed by a project director and assisted by an international project advisor, finance officer, and an administrative officer and administrative assistants. The role of the PCU was overall project coordination: planning and monitoring, and administration; financial management and disbursement; international procurement; communication with donors and other ministries; and support to the institutional strengthening team and national task forces, including the FSQL team. PCU was also responsible for delivering project-auditing reports to the World Bank and donors. At the same time, PCU worked with the EFA Commission and an inter-ministerial steering committee to ensure that the project coordinated with other government initiatives.

Provincial level: PPCU and DOET

Provincial project coordination units (PPCUs) were set up and staffed by existing members of the DOET and were joined by a procurement coordinator to coordinate provincial procurement activities. DOETs were responsible for large-scale procurement (textbooks and other teaching materials), with the exception of international competitive bidding (ICB) procurements, which were organized by MOET because

of the weaker capacity at province level. Other responsibilities covered by DOET included providing training for district officials and school headmasters, facilitating communication between districts and between PCU and BOETs, reviewing and monitoring FSQL proposals, and organizing and supervising FSQL construction works.

District level: BOET

BOETs were responsible for small-scale procurement (of classroom consumables and minor construction and repair works), FSQL planning and coordination of activities in school, undertaking FSQL audits, organizing training, and supporting PTAs and satellite sites. District Management Units (DMUs) created within BOETs managed FSQL grants, and were staffed by existing government accounting staff and two national consultants: a DCDS and data analyst and processor. The role of the school was to develop a plan for FSQL activities, including surveying physical infrastructure and teacher quality, and to supervise the activities. A team from the district bureau also conducted a local survey to determine which schools qualified for which activity/support.

Together with its PTA, a school was also responsible for selecting the most disadvantaged students eligible for additional material support and monitoring the progress of construction works. The village community was kept informed of the project through meetings organized by their communes. Community members participated actively by working at the school sites for a day or two and helping with minor repair works. In addition, local representations of mass civil organizations facilitated the running of the project. These included the Women's Union, the Commune Education Council, and the Commune's People's Committee.

Major steps undertaken to implement the programme

Information dissemination: Once the eligible districts were selected, information meetings and training on effective management were organized at all levels. In general, provincial leaders from DOET were trained at the centre and then returned to instruct district officials, who in turn provided guidelines to school headmasters (cascade approach).

District level FSQL planning: The planning cycle began in January. Schools, in consultation with PTAs and commune councils, drew up their development plans, which were then verified by BOETs. Using these plans, district bureaus devised their Annual District FSQL plans, which presented items to be procured and other activities to support

the achievement of FSQL. These plans were submitted for the approval of provincial districts and then sent to PCU as the basis for a grant application.

Disbursements: Money was disbursed at all levels using bank transfers on accounts held by MOET, rather than those held by the People's Committees at local levels. The central PCU allocated money to provinces based on their surveyed needs. The money was distributed once a year on a contract basis. After the review and approval of the final plan, the PCU disbursed part of the money in advance. The remaining amount was apportioned at the end of the year after completion of the activities and review of the reports. Provinces transferred money to district bureaus that, again, based on surveys assessing the conditions and needs of each school, allocated the FSQL grants, which arrived around the middle of the year (September/October) to be available for the new school year. Letters accompanied the grants with instructions for their use as outlined in the proposal plans. In-kind incentives were delivered periodically depending on the activity; for example, books procured by DOETs arrived at the beginning of the school year and various training activities were organized for teachers, teacher's assistants, and PTAs.

Implementation of FSQL construction subcomponent: Based on the school proposals, DMUs sent their annual preferential construction site list for review and approval first by PPCUs and then by PCU. If the list was approved, PPCUs held a consultant bid for constructing external technical reviews (ETRs). Constructed ETRs and construction tendering plans were then submitted to PCU for joint approval with MOET. Next, PPCUs invited bids for construction and supervision works, the results of which had to be approved by PPC. After PPCUs signed the contracts, 30 per cent of the contract value was paid. Following the completion of construction, PPCUs checked and handed over the sites to the schools, then paid the remaining sum to the contractors.

5.5 Review of observed intended and unintended behaviours

Overall, a high level of mobilization and commitment was observed among the project participants, as noted in the 2009 joint World Bank–donors report drafted by NORAD. The audits also found programme managers to have 'a certain level of awareness and care towards their fiduciary responsibilities' (CIDA, 2005). No fraudulent or corrupt behaviours were found. Non-intended behaviours and outcomes in project management were thus not law-breaching, but rather resulted from insufficient experience or technical capacity. These are described below.

Government management

Insufficient capacity to meet all management requirements of institutional strengthening was the main constraint on project effectiveness. This was most evident in relation to delays in project construction, as the procedures designed to ensure proper/effective use of resources were found to be inadequate due to limited technological abilities, causing communication difficulties between different government levels. Given the large geographical scope, the intention to mobilize education authorities and planners from the lowest government levels to encourage a bottom-up process has made management difficult for central coordinators. For example, collecting all necessary documents regarding construction from schools and delivering them to PCU took a significant amount of time due to a lack of efficient communication (i.e. limited access to the Internet in schools). Only after the World Bank approved the complete documentation could funds be distributed. As a result, the commissioning agencies (PCUs or PPCUs) were in some instances indebted to suppliers and contractors for up to two years' worth of services.

Procurement procedures posed particular difficulties for local staff, especially during the first three years of project implementation. The differences between Vietnamese and World Bank procedures required mutual adjustments and synchronization. In the end, because of the significant delays in construction projects,[6] the IDA procurement procedures were adapted to accommodate the existing Vietnamese regulations.

As the World Bank and other donors emphasized in their report, the government demonstrated great commitment to issues relating to the project's long-term sustainability. Relevant subcommittees were created to manage the changes and new structures were introduced to the project after its completion (NORAD, 2009).

Districts, schools, and communities

Provincial and district officials and schools headmasters appreciated the value of the project, and mostly showed a good understanding of its goals and procedures, as confirmed by donors' monitoring missions. This could be the result of the clear instructions provided in the operational

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6. Another factor that affected the progress of construction work was the surge in prices of construction materials beginning in December 2007, which did not stabilize until late into the following year.

manuals, as well as the government's general commitment to increasing education quality and access.[7] Interviewed students[8] from Grades 3 to 5 showed little awareness of the programme details beyond indicating that they had heard of the project for disadvantaged children from their parents. However, they tended to know who among them received the benefits for particularly disadvantaged households. This proves the importance of the small community setting and its effectiveness in creating mutual accountability checks, as community members tend to be aware of matters within their own community.

The project enjoyed a fair degree of community participation. PTAs engaged in and monitored the work at school. Parents were pleased to have a say in school planning and to see that their children benefited from the programme. Communities showed their enthusiastic support by coming together to clear the land for a school site once they learned that there were funds available for construction. Efforts to mobilize the community were particularly successful in the case of PEDC because of the following factors: (i) the design of the project's components, which took into account the results of the preliminary participatory beneficiary assessment; (ii) the establishment of the CSF accompanied by the involvement of DCDSs; and (iii) the presence of local TAs who acted as a cultural and, if necessary, linguistic bridge between schools and the local community. The TAs helped children with their homework and, in some cases, also ensured attendance by physically escorting children to and from class from their homes, thus promoting the development of trust between parents and community members and schools.

5.6 Transparency and accountability measures

This section discusses the measures used to reduce the risk of error and fraudulent and corrupt behaviour. These include existing national law, project-specific mechanisms, and ways to inform the public about the initiative.

Existing national law

Project managers and all appointed participants were liable under Vietnamese law and sanctions regarding participation in corrupt activities (e.g. fraud or bribery). At the time of the project's implementation, the

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7.   For more on the government's commitment to improving educational standards, see the World Bank report (2003).

8.   The author appreciates that the number of interviews is not statistically significant.

government was putting forth measures to strengthen the Anti-corruption Law. In an effort to improve the efficiency of public investment, the Law on State Auditing was issued in 2005 and the Law on Independent Auditing was in progress. In June 2009, the National Assembly signed the International Convention on Anti-corruption, following the approval of the National Anti-corruption Strategy for 2020, in which transparency is explicitly stated as a crucial component for fighting corruption. Another change indicative of the government's commitment is reflected in the strengthening of the role of the Government Inspectorate, as a sector inspectorate was appointed in each ministry and local government agency.

While these policies may be well formulated and well intentioned, their effectiveness is diminished by real-world constraints – most importantly, lack of awareness among citizens of laws and their legal rights. One has to be realistic about the context of disadvantaged regions within a developing country, in which few people understand or know how to benefit from their rights to participate in national and local planning and budgeting, and to discuss public investments. The role of informing citizens about projects that affect their community, like FSQL, is therefore crucial, particularly if they are to act as a check on government officials.

Operational manuals and instructions

Operational manuals with clear instructions and descriptions of roles and responsibilities were prepared by PCU and passed down to local implementers. As illustrated by the example of the construction subcomponent of FSQL, the procurement process followed complex procedures of reviews and approvals at all levels of project management. Less than one-third of the contract value was paid in advance, with the remaining sum paid after the quality inspection. While the procedures were designed to ensure international standards of transparency, when combined with the low administrative capacity of Vietnamese government agencies, they have caused serious delays in the construction progress of projects.

In the case of FSQL grants, specific instructions seemed to have played an effective role in helping to target beneficiaries in a transparent manner. The instructions on the use of funds were based on the district-wide FSQL plans and were aimed at supporting specific provisions such as teacher guides and materials, professional development workshops for teachers from satellite schools, and a basic

package of teaching-learning materials. The grants were transferred to district bureaus on a contract basis. Money was sent to both districts and schools through bank transfers and was accompanied by instructions for its specific use. Effectively, this constrained local discretion and minimized the risk of public resources being diverted and used for private benefit.

Project monitoring

Project implementation was monitored through a bottom-up reporting system; donor, state, and independent audits and evaluations; and a monitoring and evaluation framework for the project. At the school level, the community also participated in monitoring activities.

Reports were submitted from lower-level project implementers to implementers at the levels immediately above. School headmasters were responsible for preparing annual general reports, as well as monthly reports, on FSQL progress and student learning results; while PTAs reported on CSF grant spending. There were also reports focused on specific activities (e.g. construction and teacher training), which were prepared on a monthly, quarterly, or six-month basis. Based on these reports, DMUs reported to PPCUs, who then submitted the reports to the PCU. The FII, FSQL, and the annual DFA provided the basis for monitoring progress. The system was developed to monitor schools by providing year-to-year performance indicators against FSQL standards. As a decentralized system for collecting data, it allowed information to be gathered from the most remotely located sites, and thus provided the basis for tracking progress, determining gaps, and effective planning and targeting. The information submitted in the school reports was verified by province and district inspections, and once a year, by inspections from the centre. Schools and PTAs, having been trained with the help of Community Participation and School Campus Support funds, also participated in monitoring the quality of work.

With specific regard to financial management, regular audits were carried out throughout the duration of the project. The World Bank submitted financial management reports (FMRs) for review on a quarterly basis. A private international auditing company, Grant Thornton, was hired to conduct annual independent audits. State and independent auditors inspected the project at all levels. In addition, eight external evaluation studies were conducted of pilot projects to determine their effectiveness and efficiency: CSF and District Grants (December 2006); Pilot School Readiness (December 2007); Pilot

Teaching Assistant and School Readiness Programmes (April 2007); training review and need analysis (December 2008); evaluation of PEDC investment in non-infrastructure activities (April 2009); evaluation of PEDC investment in infrastructure activities (April 2009); longitudinal study on Teaching Assistant Programme (December 2009); and end of project evaluation (October 2010).

The government employed a project M&E framework on the advice of the World Bank. Its functions were split into two categories: internal – operating procedures that are the responsibility of PCU, and external – oversight procedures organized by the World Bank to ensure that implementation meets the project's requirements and that all donors can participate in its monitoring. World Bank–donor supervision took place twice a year at PCU and at randomly selected PPCUs and DMUs. *Table 5.6* summarizes the major characteristics of the FSQL M&E system.

Table 5.6   FSQL monitoring and evaluation system

M&E Tool	Level involved	Scope	Report frequency
Country progress report	PCU to WB	Project progress	Twice a year
Mid-term review (MTR)	WB-donor mission	Project progress	Once (2006)
External financial audit	PCU	Financial management	Annual
State financial audits	Central inspections of province and districts	Financial management	Annual
External project evaluation	Independent evaluation team	Pilot project and end of project evaluation	Project-based
FMR	PCU to WB	Financial management	Quarterly
Provincial project progress reports	Province to PCU	Progress toward FSQL	Annual
DFA	School, district, province	Progress toward FSQL	Monthly, quarterly, 6-months, yearly
Construction monitoring	PTA and community	Construction quality	Construction project-based

Public information

Information about the project was made available to the public through the national media and, on the district and commune level, through local authority announcements. A campaign was initiated centrally

to provide coverage of the project in the national media (TV, radio, newspapers). In the 2009 progress report prepared by the World Bank–donor review team, well over 20 items were cited that covered various project aspects, including: the role of teaching assistants in implementing school readiness programmes; materials to improve Vietnamese language for ethnic minority children; and the role of CSFs in supporting local community involvement in guaranteeing education for disadvantaged children (NORAD, 2009). Print information was also available in quarterly magazines for teachers and students. Parents found out about the project through the schools, at parent-teacher and commune meetings. Moreover, all school decisions were made in consultation with commune authorities and headmasters announced school activities to PTAs and parents, so community members knew who benefited and how from the project and its grants.

5.7 Analysis of how programme variables influenced transparency

This section discusses how selected programme variables, as identified by IIEP, may have influenced the degree of transparency in the targeting and management of FSQL.

Focus on district level

While PEDC as a project was coordinated centrally by MOET, it was executed in a decentralized education sector. As explained earlier, the focus on district levels as key levels of intervention ensured effective targeting. However, despite the fact that districts had traditionally been responsible for local education decision-making and managing education resources, there had been ongoing issues regarding accountability and monitoring, as the decentralization of decision-making had not been accompanied by increased local capacity or an improved accountability mechanism. The first issue, weakness of local capacity, had been addressed in the PEDC and FSQL, which included components designed to strengthen management capabilities and systems – such as the subcomponent to increase the management capacity of district bureaus and establish funds to support community participation.

The second issue, the lack of accountability mechanism that would correspond to decision-making authority, was partly – though it seems, not intentionally – addressed by the decision to focus the intervention on districts rather than provinces. While province authorities have strengthened their role as decision-makers, the accountability

mechanism targeted lower levels, particularly communes. Therefore, 'bypassing' the province level to focus on the district level may have been an important factor in explaining PEDC's overall success.

Conditional granting of incentives

The indicators used to select eligible districts were educationally oriented and applied to all districts nationwide. Selection took place prior to implementation to avoid ambiguity concerning questions of eligibility during the process. Targeting that took place during the project was transparent owing to the clear specifications of FSQL standards. Continual district and school participation in the project was contingent on their demonstrated progress towards achieving FSQL objectives. This was monitored and assessed through the reporting system and the DFA. The criteria also included school enrolment and completion rate, as well as learning results.

In practice, once schools were included in the project by virtue of their location in the eligible district – which were defined centrally prior to implementation – schools would continue to receive the incentives. This was understandable given the length of time required to assess the efficiency of FSQL activities, such as teacher qualification, upgrading, and construction projects. The system provided a sound check against diversion of resources with its review of expenditure plans at each government tier and its policy to disburse only part of the money to provinces in advance (to be then allocated to districts) contingent on the completion of planned activities.

Cash-based and in-kind incentives

The FSQL budget covered varied activities, which provided schools with both cash-based incentives (to meet their local specific needs) and in-kind incentives (books, teaching equipment, furniture and construction work procured by higher level units, as well as training activities), all geared at bringing teaching sites up to the minimum quality standards defined by FSQL. Although transferring money was strictly defined, schools were the primary recipients; however, they did not manage the funds on their own. That was done at district and province levels, in accordance with centrally issued instructions, to ensure that the resources were used for their intended purpose.

State and independent audits have not discovered any irregularities in spending or transferring resources from the centre down to schools. However, the system of disbursement would be more transparent and

accountable if schools were able to tally the amount intended for them at the central level with the combined value of in-kind and cash-based incentives received. At the community level, initiatives were put in place to mobilize community participation (e.g. the public information campaign, CSF, and PTAs) in order to increase accountability and transparency. These would have been more effective and meaningful had there also been a formal complaint mechanism component. Such a mechanism would have allowed any member of the community, including those not directly involved in PTAs, to hold the project implementers accountable.

Centralized implementation

The project was centrally coordinated and administered, which was the most effective mode of implementation given the breadth of activities, their large geographical scope, and the weakness in managerial capacity at the local level. While province and district officials were responsible for local implementation, the project illustrated a top-down approach with localities following strict guidelines issued in operational manuals by the PCU in MOET. Targeting was carried out by MOET at the planning stage using the same criteria for all districts nationwide. The procedure was thus unambiguous and transparent.

With regard to project management, the PCU undertook regular state auditing and monitoring inspections and hired external independent service providers for auditing and specialist monitoring. PCU was therefore held accountable to the World Bank and donors, who reviewed project reports and sent their own monitoring missions. It must be emphasized again that the breadth of activities and wide geographical scope of the project posed a major challenge to the effective monitoring and management of the project across all localities. Centralized coordination could not eliminate all risks and challenges, especially in a country like Viet Nam, which has a limited capacity for financial management and data collection and grapples with prevalent corruption.

5.8 Indication of best practices

This section identifies measures used in FSQL to improve transparency and accountability in the project's targeting and management areas. They are universal measures and could serve widely as model practices for other projects.

Determining specific target standards

Determining minimum standards (FSQL) was an important step towards improving not only the effectiveness, but also the transparency of targeting educational resources. Because the standards were very specific, identifying schools in need of upgrading proved relatively easy. In other words, FSQL standards provided a benchmark by which schools that remained under-equipped and/or their teachers under-qualified could be identified. FSQL also served as standards against which to measure a project's progress. The conditions imposed on project participants were defined in terms of FSQL goals. Clearly determined objectives helped to hold the implementers accountable. The District FSQL Audit was developed for BOETs to monitor schools' progress against project standards.

Institutional strengthening

While the FSQL budget focused on upgrading infrastructure and the teaching quality of teaching sites to improve access for disadvantaged children, like PEDC as a whole, it incorporated a subcomponent specifically designed to strengthen the institutional capacity of BOETs and school managers. Training was provided on: (i) basic financial management and the use of IT software, (ii) data collection procedures (e.g. preparing a complete physical inventory of all schools and sites and how to use DFA survey methods) to support planning and monitoring, (iii) standard-based planning (i.e. following the standards as defined by FSQL in preparing SDPs), (iv) appraisal, monitoring, and evaluation of FSQL plans; and (v) addressing gaps in district education officials' pedagogical support to schools.

Training was generally provided through a cascade approach. Trainers at the centre instructed key trainers from DOETs, who in turn organized seminars in April of each year for officials from BOETs. They received the District FSQL Development Planning Manual and an Operational Manual for the Implementation of District FSQL Grants and Campus Support Funds. BOET officials then trained headmasters and deputies in DFA survey methods and preparation of school development plans. The component on institutional strengthening is especially important in the context of partial devolution of decision-making in the education sector. While decentralization can help identify local priorities and how to best adapt to local conditions, it has to be accompanied by the development of qualified and trained staff and technical infrastructure in order to be effective.

Community participation

To ensure a degree of bottom-up accountability, the Community Support Fund (CSF) was established as part of FSQL to strengthen local community participation. The districts provided community development specialists to train PTAs at satellite campuses on CSF management (described in *Section 5.4*), and keep them informed about project planning and objectives. In addition, headmasters were also responsible for explaining the FSQL objectives and project progress to parents. The activities strengthened the ties between satellite schools and the community by involving the latter in managing the funds together with the school under the supervision of the commune people's committees and BOETs. PTA involvement in selecting the recipients and quality verification of construction works at school campuses provided an additional check on local officials' management of project resources.

As explained earlier, in addition to DCDSs, TAs also played an important role in mobilizing community participation. As members of local communities, they acted as cultural and linguistic bridges and elicited trust and support for the schools. This illustrates how some community members (in this case, secondary-school graduates recruited as TAs) can help to mobilize others.

5.9 Conclusions and recommendations

This particular case study examined the PEDC project implemented in Viet Nam, focusing on one of its main and largest components, FSQL. FSQL incentives were provider-focused, which reflected the project's purpose of improving access and quality of education for the most disadvantaged children. Project transparency and accountability were greatly aided by the use of FSQL as a benchmark, which defined the minimum quality standards of schools in very specific terms.

The transfer of incentives, which included both cash-based and in-kind incentives, was conditional on the schools' progress towards achieving FSQL. This was monitored using DFA systems established by the project. In practice, once districts and schools were selected as project participants, and given the long-term nature of most activities (e.g. school/classroom building, teacher training, and curriculum development), they stayed on the project until its completion. However, this did not undermine the transparency or accountability of the targeting mechanism as the criteria for initial selection were clear and were known and universally applied nationwide.

In practice, the combination of both cash-based and in-kind incentives was somewhat problematic, because of the lack of a coherent and comprehensive system, which would allow project implementers at all levels to access information on financial flow. Consequently, it was difficult to ascertain the joint value of cash-based and in-kind allocations. The solution, however, does not lie in the nature of the incentives, but rather in a more robust information system and bottom-up accountability, as discussed later on.

Finally, a centralized mode of implementation was an obvious choice for a project with such a large scope and a weak local government. At the same time, the project also included measures to strengthen local government capacity as well as to ensure greater local participation, including funds to build local community capacity.

The PCU also developed flexible approaches to implementation at the local level. At the school level, the CSF grants allowed communities and schools to address their specific local needs. With regard to school development plans and district FSQL plans, the PCU guidelines for funds use were either mandatory, where funds had to be used for specifically determined purposes (e.g. purchase of students' stationery, CSF, etc.); or afforded a degree of flexibility (e.g. in school-based teacher training where schools could select schemes most relevant to their own circumstances).

As explained earlier, PEDCs targeted district bureaus and schools as the main units of intervention, the advantage of such being their better understanding of local conditions and needs. Conversely, a locally managed project runs the risk of having local influences and interests affect the distribution of resources. Crucial in mitigating such risks, yet absent in this model, would be a mechanism for bottom-up accountability to enable schools to hold districts accountable.

Recommendations

While no specific follow-up programme was planned, in 2009 the government established eight sustainability subcommittees to produce recommendations on how to integrate PEDC outcomes into MOET systems and procedures. With regard to FSQL components, subcommittees were set up on: integration of PEDC Training Programmes for teachers and managers; implementation and integration of FSQL baseline data with the proposed Viet Nam Education Management Information System (EMIS); and on the provision of teaching assistants and school readiness programmes for schools with

children from ethnic minorities. PEDC shows the importance of external technical assistance for effective project implementation, both at its development and planning stages, as well as during monitoring of its management and progress. It also demonstrates that budget support alone is not sufficient, and instead needs to be accompanied by capacity development of both local government and the local community.

On the whole, PEDC was challenging to administer in Viet Nam. The large geographical scope meant that implementation had to rest with local government, whose capacity to manage the project was weak. In terms of financial management, for example, the lack of qualified accountants and a computerized system to manage the financial flow posed an integrity risk. This had to be addressed prior to project implementation by providing the necessary training, introducing the appropriate computer software, and preparing an operations manual to instruct programme managers at all levels. Similarly, establishing an effective system for project targeting and monitoring required much external support in setting up data collection and validation mechanisms. The weakness and fragmentation of education data in Viet Nam made it difficult for policy-makers and education planners to allocate resources and assess performance. Therefore, the PEDC established the DFA – a single coherent system to collect comprehensive data on primary education. This filled the data gaps and strengthened monitoring systems, thus contributing to an increase in the transparency of the targeting process for educational resources and accountability of officials in managing the project's progress.

It is clear, however, that Viet Nam still has a long way to go to improve transparency and accountability in managing education resources to ensure that institutional changes initiated by projects like PEDC are sustained and further developed. Budgetary information should be made more accessible to all levels of programme managers, so that, for example, district officials or schools are able to tally and compare the resources they actually receive from the province with those promised by the centre, or so that they are better informed of the financial flow of the whole project. The system, in which districts and schools are the main recipients of the resources without any bottom-up verification or complaint mechanism, reflects the pertinence of a top-down approach to ensure accountability. While this seems logical with regard to the weak capacity of the local government, this issue of bottom-up accountability is not sufficiently stressed and needs to be brought to greater attention.

The FSQL addressed this problem to some degree by incorporating a subcomponent to strengthen the local community's ability to participate in project planning and monitoring. This example of a bottom-up approach served to ensure greater transparency in targeting the priority needs by allowing the community to make decisions. However, one has to be realistic about: (i) the conditions needed to ensure that disadvantaged community members can afford the time and resources in order to participate; and (ii) the degree to which participating community members in remote and disadvantaged areas could influence the accountability of district-level officials

This is to say that while the initiative to strengthen local community capacity was an extremely important component of FSQL and reflected its comprehensive and participatory approach, in order for disadvantaged communities to be more empowered and be able to exercise bottom-up accountability, both they and district authorities need to be made better informed and educated about their participatory rights.

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Appendix.   Provinces and districts covered by the PEDC

No.	Province	District
1	Hà Giang	Hà Giang Town
2		Đồng Văn
3		Mèo Vạc
4		Yên Minh
5		Quản Bạ
6		Bắc Mê
7		Hoàng Su Phì
8		Vị Xuyên
9		Xín Mần
10		Bắc Quang
11		Quang Bình
	Total:	11 District
12	Cao Bằng	Bảo Lạc
13		Hà Quảng
14		Thông Nông
15		Trà Lĩnh
16		Trùng Khánh
17		Nguyên Bình
18		Hạ Lang
19		Thạch An
20		Bảo Lâm
	Total:	9 district
21	Lào Cai	Lào Cai
22		Mường Khương
23		Bát Xát
24		Bắc Hà
25		Sa Pa
26		Bảo Yên
27		Xi Ma Cai
	Total:	7 district
28	Bắc Kạn	Ba Bể
29		Ngân Sơn
30		Pác Nặm
	Total:	3 district
31	Lạng Sơn	Tràng Định
32		Văn Lãng
33		Bình Gia
34		Cao Lộc
35		Lộc Bình
36		Đình Lập
	Total:	6 district
37	Tuyên Quang	Nà Hang
	Total:	1 district
38	Yên Bái	Lục Yên
39		Mù Căng Chải
40		Trạm Tấu
	Total:	3 district
41	Quảng Ninh	Bình Liêu
42		Móng Cái
43		Tiên Yên
44		Ba Chẽ
	Total:	4 district
45	Lai Châu	Tam Đường
46		Than Uyên
47		Mường Tè
48		Phong Thổ
49		Sìn Hồ
50		TX Lai Châu
	Total:	6 district
51	Sơn La	Quỳnh Nhai
52		Mường La
53		Thuận Châu
54		Bắc Yên
55		Phù Yên
56		Mai Sơn
57		Sông Mã
58		Yên Châu
59		Mộc Châu
60		Sốp Cộp
	Total:	10 district
61	Điện Biên	Mường Chà
62		Tủa Chùa
63		Tuần Giáo
64		Điện Biên
65		Điện Biên Đông
66		Mường Nhé
67		Mường Ảng
	Total:	7 district
68	Thanh Hóa	Mường Lát
69		Ngọc Lặc
70		Thường Xuân
71		Như Xuân
	Total:	4 district
72	Nghệ An	Quế Phong
73		Tương Dương
	Total:	2 district
74	Quảng Bình	Minh Hóa
	Total:	1 district
75	Quảng Trị	Hướng Hóa
76		Đa Krông
	Total:	2 district
77	Thừa Thiên-	Phú Lộc
78		Nam Đông
	Total:	2 district
79	Quảng Nam	Đông Giang
80		Nam Giang
81		Phước Sơn
82		Bắc Trà My
83		Nam Trà My
84		Tây Giang
	Total:	6 district
85	Quảng Ngãi	Trà Bồng
86		Sơn Tây
87		Sơn Hà
88		Ba Tơ
89		Tây Trà
	Total:	5 district
90	Bình Định	Vĩnh Thạnh
91		Vân Canh
	Total:	2 district
92	Phú Yên	Sơn Hòa
93		Sông Hinh
	Total:	2 district
94	Khánh Hòa	Khánh Vĩnh
95		Khánh Sơn
	Total:	2 district
96	Kon Tum	Ngọc Hồi
97		Đắk Tô
98		Kon Plông
99		Đak Hà
100		Sa Thầy
101		Kon Rẫy
102		Tu Mơ Rông
	Total:	8 district
103	Gia Lai	KBang
104		Chư Păh
105		Ia Grai
106		Đức Cơ
107		Chư Prông
108		Chư Sê
109		Phú Thiện
110		TX Ayun Pa
111		Krông Pa
112		La Pa
	Total:	10 district
114	Đắk Lắk	Ea H'leo
115		Ea Súp
116		Krông Năng
117		Krông Búk
118		Buôn Đôn
119		M'Đrắk
120		Krông Pắc
121		Cư Kui
122		Krông A Na
123		Krông Bông
124		Lắk
	Total:	11 district
125	Đắk Nông	Cư Jút
126		Đắk Mil
127		Krông Nô
128		Đắk R'Lấp
129		Đắk GLong
130		TX Gia Nghĩa
131		Đắk Song
132		Tuy Đức
	Total:	8 district
133	Lâm Đồng	Lạc Dương
134		Lâm Hà
135		Bảo Lâm
136		Di Linh
137		Đam Rông
	Total:	5 district
138	Ninh Thuận	Phan Rang-Tháp Chàm
139		Ninh Sơn
140		Ninh Hải
141		Ninh Phước
142		Bác Ái
143		Thuận Bắc
	Total:	6 district
144	Bình Phước	Đồng Xoài
145		Phước Long
146		Lộc Ninh
147		Bù Đăng
148		Bình Long
149		Đồng Phú
150		Chơn Thành
151		Bù Đốp
	Total:	8 district
152	Tây Ninh	Tân Biên
153		Tân Châu
154		Bến Cầu
	Total:	3 district
155	Đồng Nai	Tân Phú
156		Định Quán
157		Xuân Lộc
158		Cẩm Mỹ
	Total:	4 district
159	Bình Thuận	Tuy Phong
160		Bắc Bình
161		Hàm Thuận Bắc
162		Hàm Thuận Nam
163		Tánh Linh
164		Hàm Tân
165		Đức Linh
166		Phú Quí
167		Thị Xã La Gi
	Total:	9 district
168	Long An	Tân Hưng
169		Vĩnh Hưng
170		Tân Thạnh
171		Thạnh Hóa
	Total:	4 district
172	Đồng Tháp	Tân Hồng
173		Tam Nông
174		Thanh Bình
	Total:	3 district
175	An Giang	An Phú
176		Châu Phú
177		Tịnh Biên
178		Tri Tôn
179		Châu Thành
180		Thoại Sơn
	Total:	6 district
181	Kiên Giang	Rạch Giá
182		Kiên Lương
183		Hòn Đất
184		Tân Hiệp
185		Châu Thành
186		Giồng Giềng
187		Gò Quao
188		An Biên
189		An Minh
190		Vĩnh Thuận
191		Phú Lộc
192		Kiên Hải
193		U Minh Thượng
194		Thị xã Hà Tiên
	Total:	14 district
195	Cần Thơ City	Thốt Nốt
196		Vĩnh Thạnh
	Total:	2 district
197	Trà Vinh	Châu Thành
198		Cầu Kè
199		Tiểu Cần
200		Cầu Ngang
201		Trà Cú
202		Duyên Hải
	Total:	6 district
203	Sóc Trăng	Sóc Trăng
204		Kế Sách
205		Long Phú
206		Mỹ Tú
207		Mỹ Xuyên
208		Thạnh Trị
209		Vĩnh Châu
210		Cù Lao Dung
211		Ngã Năm
	Total:	9 district
212	Bạc Liêu	Bạc Liêu
213		Hồng Dân
214		Vĩnh Lợi
215		Giá Rai
216		Đông Hải
217		Phước Long
218		Hòa Bình
	Total:	7 district
219	Cà Mau	Cà Mau
220		Thới Bình
221		U Minh
222		Trần Văn Thời
223		Cái Nước
224		Đầm Dơi
225		Ngọc Hiển
226		Năm Căn
227		Phú Tân
	Total:	9 district
	Grand Total	227 district

Source: World Bank (2011).

Chapter 6
Opportunity NYC programme, United States

Michelle Morais de Sá e Silva

Pro-poor incentives programmes in education are not exclusive to developing countries in the South. New York City has had a recent experience with incentives in the form of a conditional cash transfer (CCT) experiment. The programme, called Opportunity NYC (New York City), began in 2007 and was subject to robust internal evaluations. As far as its initial design is concerned, Opportunity NYC was terminated on 31 August 2010, after its early findings report (Riccio *et al.*, 2010) demonstrated that it had not reached the expected results. With its educational components, Opportunity NYC had been expected to lead to improvements in its beneficiaries' school performance by offering them cash for better grades. It reached 2,400 families (Family Rewards subprogramme) plus 17,744 students (Spark subprogramme).

Part of the programme's rationale was based on the argument that incentives to enhance poor children's education would eventually help end the so called 'inter-generational' cycle of poverty, in which poverty is perpetuated because children born into poor families tend to follow the same path as their parents. Consequently, investments in their education and health are necessary. One of Opportunity NYC's integrating modalities – the Spark subprogramme – was also rooted in the argument that poor children need material incentives to enhance their efforts in school, especially because most of them lack examples at home of the direct returns of education. According to one of this study's interviewees,

> the main goal of the programme is twofold: to reduce current poverty and hardship but doing it in a way that reduces the likelihood of poverty in the second generation by investing in human capital.

The first phase of the programme, which lasted from September 2007 to May 2010, was considered a 'research demonstration project' (Center for Economic Opportunity, 2011). It was structured as a randomized controlled trial, with comparison of results between 'treatment' and control groups. Although beneficiary families are no longer entitled to receive payments, families in both treatment and

control groups are still being monitored, with their information being used in follow-up research that will feed into the programme's final report, due to be released in 2014.

Opportunity NYC was organized into three subprogrammes: Family Rewards, Spark, and Work Rewards. Family Rewards was the largest among them and has been taken to a second phase, which began in mid-2011. In its new phase, Family Rewards will operate in New York City and Memphis, Tennessee.[1] Both the Spark and Work Rewards subprogrammes have been terminated. Besides the peculiarities of being implemented in a developed country, the Opportunity NYC experience gives rise to interesting questions regarding the concept of transparency, defined by the international NGO Transparency International as:

> a principle that allows those affected by administrative decisions, business transactions or charitable work to know not only the basic facts and figures but also the mechanisms and processes. It is the duty of civil servants, managers and trustees to act visibly, predictably and understandably (Transparency International, 2001).

Therefore, complete availability of information does not suffice if citizens, especially those affected by public programmes and policies, do not have a full comprehension of them. Thus, one may reasonably ask: does complexity hinder transparency? In order to be fully transparent, does a programme need to be simple, so that its beneficiaries, stakeholders, and the general public can easily understand how it operates? The Opportunity NYC incentives programme provides a sound case study for the analysis of those questions.

This chapter is based on qualitative research obtained by semi-structured interviews and the analysis of policy documents. Additional data sources included the printed media, institutional Internet websites, and research papers published on the programme. Interviewees were selected following identification of the main institutions involved in programme design and implementation. Therefore, individuals were interviewed as representatives of key institutions and not as independent persons. Schools participating in the programme were also contacted for interviews once permission to do so was granted by New York City's Department of Education. However, only one school agreed

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1. This study will focus on Opportunity NYC's first phase only. Hence, all observations and remarks contained herein do not necessarily apply to the second-generation CCT pilot project (Center for Economic Opportunity, 2011).

to participate in an interview. Overall, 11 interviews were conducted. Additionally, interview data obtained by the author in past research projects developed in 2007 (6 interviews) and in 2009 (14 interviews) were also used as a basis for analysis. Each participant was assigned a number in order to ensure participant anonymity.

6.1 Description of Opportunity NYC

Opportunity NYC, in all of its subcomponents, involved a total budget of US$53.4 million (Center for Economic Opportunity, 2009) for an implementation period from September 2007 to May 2010. Most of that budget was accounted for by Family Rewards and Work Rewards, which together totalled approximately US$43 million (Riccio *et al.*, 2010).[2] Those funds were entirely donated by private institutions such as the Rockefeller Foundation, the Starr Foundation, the Robin Hood Foundation, the Open Society Institute, the American International Group, and Mayor Bloomberg himself. According to a representative of City Hall's Center for Economic Opportunity (CEO), the Mayor did not want to contribute public money to this type of programme until there was evidence supporting its success in practice.

Among Opportunity NYC's three subprogrammes, only two are of interest to this study – namely, Spark and Family Rewards – as they involved educational incentives. Family Rewards was managed by CEO, which is institutionally linked to the Office of the Deputy Mayor for Health and Human Services. Family Rewards benefited 2,400 families with at least one child entering Grades 4, 7, or 9 upon admission to the programme in 2007. It included a number of different conditions, both education and non-education related, which would allow a beneficiary family to receive cash payments every two months. In parallel, the Department of Education and Harvard's Education Innovation Laboratory managed the Spark subprogramme, which targeted only fourth and seventh graders in 63 pre-selected public schools. *Figure 6.1* represents the institutional framework of the three subprogrammes.

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2. According to Riccio *et al.* (2010), 'The entire demonstration budget, including three years of payments to participants, all costs of operating the programme, and all evaluation costs covering five years of follow-up, totals approximately $43 million.'

Figure 6.1   Opportunity NYC subprogrammes and organizations in charge of their implementation
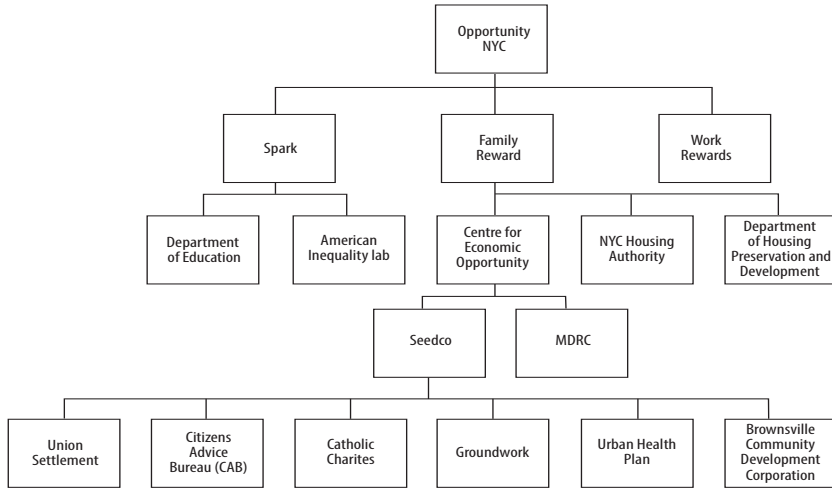
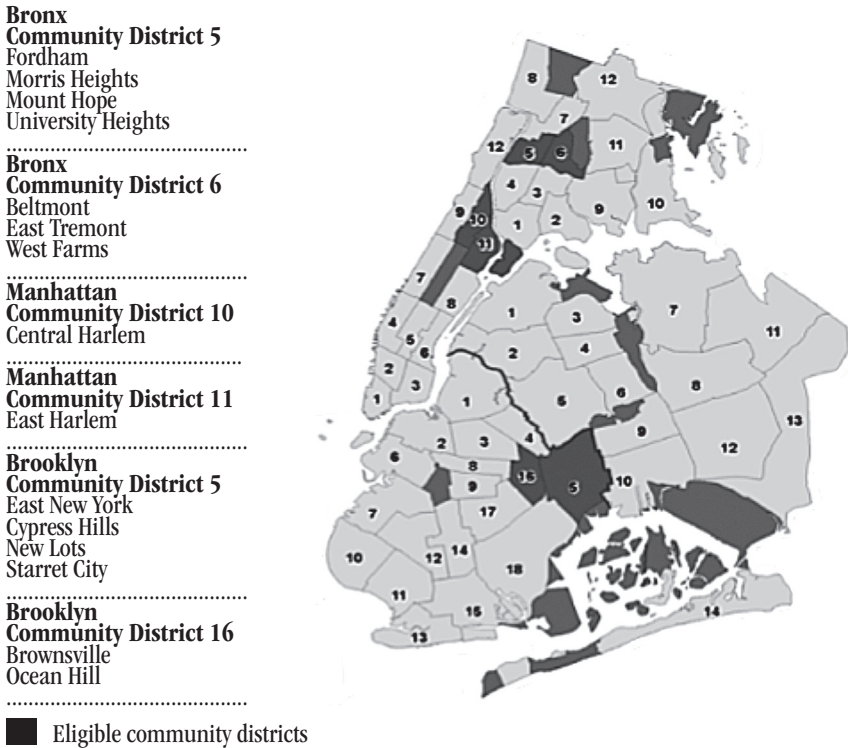*Source:* Morais de Sa e Silva (2008).

Family Rewards

When the media and international papers featured Opportunity NYC, they were actually referring to Family Rewards. In total, 2,400 families benefited throughout the programme's three years of operations (2007–2010). The sub-programme has been evaluated by MDRC,[3] a renowned think tank in the United States. It was designed as a randomized controlled trial and therefore was experimental in nature, involving both a treatment and a control group to provide evidence as to whether the CCT model would work in New York City. Several interviewees reaffirmed this point and repeatedly emphasized the programme's experimental nature. The main goals of Family Rewards were designed along the lines of a typical CCT programme: 'to reduce current poverty and hardship, but doing it in a way that reduces the likelihood of poverty in the second generation'. Thus, according to the programme rationale, educational incentives were given in order to help build human capital within poor families and consequently prevent their children from remaining trapped in poverty.

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3.   MDRC is no longer an acronym. It used to stand for Manpower Demonstration Research Corporation.

The daily operations of Family Rewards were overseen by CEO and carried out by Seedco[4] (a national non-profit organization) and neighbourhood partner organizations (NPOs). Seedco processed all coupons, authorized payments, coordinated marketing activities, and housed the programme's helpline. NPOs were subcontracted non-profit organizations operating in each of the six community districts targeted by the programme (see *Figure 6.2*). NPOs locally supported programme operations, which were crucial for the identification of eligible families, their enrolment, and the provision of information on the operation of Family Rewards.

Figure 6.2   Family Rewards eligible community districts in New York City

Bronx
Community District 5
Fordham
Morris Heights
Mount Hope
University Heights
....
Bronx
Community District 6
Beltmont
East Tremont
West Farms
....
Manhattan
Community District 10
Central Harlem
....
Manhattan
Community District 11
East Harlem
....
Brooklyn
Community District 5
East New York
Cypress Hills
New Lots
Starret City
....
Brooklyn
Community District 16
Brownsville
Ocean Hill
....

■ Eligible community districts

Source: Opportunity NYC (2008).

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4.   Seedco is no longer an acronym. It used to stand for Structured Employment Economic Development Corporation.

Family Rewards had monetary rewards pertaining to three main fields: education, preventive health, and employment and training. According to the Center for Economic Opportunity (2009), in the first two years, each family was required to perform the following activities in order to receive cash payments (see *Table 6.1*).

Table 6.1   Family Rewards activity list (2007–2009)

Field	Activities	Frequency	Verification	Reward (US$)
Education	Child attends school 95% of scheduled days	Bi-monthly	Administrative records provided by the Department of Education	$25 per month for elementary/middle-school students and $50 for high-school students
	Parent attends parent-teacher conferences	Twice a year	Teacher signature on coupon	$25 per conference
	Child gets or has a public library card	Once in the programme	Copy of library card	$50
	Scoring at proficiency levels or improving at least one level over prior year's score on English Language Acquisition (ELA) or math standardized tests	Once a year	Administrative records provided by the Department of Education	$300 for each test for elementary students $350 for each test for middle-school students
	Parent discusses annual English and math tests with teachers	Once a year	Teacher signature on coupon	$25 once per year for elementary/middle-school students
	High-school students only: student passes a Regents Exam*	Once in high school, for five tests	Administrative records provided by the Department of Education	$600 for each test passed by high school students, up to five tests
	High-school students only: student takes the PSAT (Preliminary SAT or Preliminary Scholastic Aptitude Test)	Up to two times in high school	Administrative records provided by the Department of Education	$50 for each test, up to two times
	High-school students only: student accumulates 11 credits in school year	Once a year	Administrative records provided by the Department of Education	$600
	High-school graduation	Once	Administrative records provided by the Department of Education	$400 (50% paid to student and 50% paid to parent)

Field	Activities	Frequency	Verification	Reward (US$)
Health	Get/maintain public health insurance or get/maintain private health insurance	Monthly	Copy of insurance documents	$20 per month for each parent and $20 for all children for maintaining public health insurance $50 per month for each parent and $50 for all children for maintaining private/employer health insurance
	Complete a yearly non-emergency medical check-up	Once a year	Physician must fill out a preventive health care form indicating that a minimum set of age-appropriate screenings and assessments was conducted and that other health information was reviewed with the patient and/or parent	$200 per family member per year for completing an annual non-emergency medical check-up
	Complete physician-advised follow-up	Once a year	Coupon signed by physician	$100 per family member per year
	Complete pediatrician-advised referral and evaluation for a child under 30 months	Once a year	Coupon signed by physician	$200
	Complete dental visits	Once per year for ages 1–5 and twice per year for ages 6 and older	Coupon signed by dentist	$100 per family member for cleaning and check-up
	Work at least 30 hours per week	Bi-monthly	Copy of work contract or other verification documents	$300 for working full time (an average of 30 hours per week for six or more weeks in each two-month payment period)

Field	Activities	Frequency	Verification	Reward (US$)
	Complete an approved education or training course while simultaneously working (must work at least ten hours per week while attending course) Training may include English as a Second Language (ESL) courses, basic skills, and General Education Development (GED) courses at public or private institutions	Once over the duration of the course	Documents proving completion of course	$200 per each course lasting 35–70 hours $400 per each course lasting 71–140 hours $600 for each 141-hour increment of the total number of training hours. Maximum $3 000 per adult during participation in Opportunity NYC

* The Regents High School Examinations, known as the Regents Exams, are standardized exit-level exams developed by the Office of Assessment Policy, Development, and Administration at New York State's Department of Education. The exams cover five subject areas: English Language Arts, Languages other than English, Mathematics, Social Studies, and Science.

According to an interview, the inclusion of an educational achievement dimension was to recognize that

> it was not enough for children to show up in school, they need to perform better. It's been demonstrated in the Latin American experience that CCT programmes have been successful in increasing attendance but not educational outcome as measured through standardized tests.

The above activity list, or 'schedule of incentives', was developed on the basis of a set of basic principles (see *Table 6.2*).

The greater money value for performance-related incentives, compared with other education incentives, reflects the programme's core attempt to test whether cash rewards could lead to higher test scores. If the programme succeeded in this attempt it would certainly result in a 'revolution in education', since many education reforms had tried similar approaches with only limited success. The maximum amounts earned by families were US$13,235 in Year 1 and US$12,150 in Year 2. However, despite those maximum amounts, on average, families earned US$3,100 per year (Riccio *et al.*, 2010). Families interviewed and surveyed by MDRC revealed that, in general, they used the extra income for 'basic living expenses, school-related supplies or activities, and electronic goods and special recreational outings for the family, sometimes as a reward for school accomplishments' (Riccio *et al.*, 2010).

Table 6.2   Programme design guiding principles

1.	Within each domain, the conditions for incentive payments should be achievable with a reasonable level of effort.
2.	Incentives should not be tied to services that are not generally available or reasonably accessible to the programme group.
3.	Within each domain, more money should generally be attached to conditions expected to be more challenging to meet.
4.	The behaviours that draw payments must be verifiable in ways that are practical, timely, and resistant to fraud.
5.	Incentives for children's school performance should avoid putting undue pressure on students or put them at risk of abuse if their family loses out on extra money because of their poor performance.
6.	The amounts for any given activity should be substantial enough to appeal to families and encourage them to adopt and/or sustain the specified behaviours.
7.	The amounts for any given activity, and overall, must not be so high as to be viewed as 'unreasonable' by policy-makers and the public and, hence, politically unsustainable.
8.	Full adoption of conditions for all family members across all domains should yield a total cash transfer that would amount to a substantial contribution to a participating family's budget (approximately 25% to 30% of a family income).
9.	Recognizing that the greater the cost of the programme per family, the fewer families that a replicated version of the programme might be able to enrol, the total cash transfer per family should be at a level that is considered politically acceptable.[*]
10.	Because they are under time constraints, the incentives should promote behaviours and achievements (i.e. build forms of human capital) that can become habits or that can be sustained or built upon after the cash transfer's end.

[*]   In order to reconcile principles 7, 8, and 9 – rewards should total a significant amount compared with families' income, but should not be too high as to awake public critique – during its third year, the programme's activity list was reduced, consequently lessening the total amount of cash rewards that could be received by families.
Source: MDRC (2008).

The inclusion of such an extensive list of conditionalities, or incentivized activities, made the operation and evaluation of Opportunity NYC more complex than other existing CCT programmes. In most other cases, families are eligible for a lump sum and only fail to receive it if programme managers verify that at least one of the conditionalities has not been met. Those normally include school enrolment and minimum attendance, immunization of children, health checkups for pregnant women, and attendance at community meetings. Instead, for Opportunity NYC, each activity had a monetary value attached to it and

payments were only made after compliance had been proven through the submission of coupons or through administrative records provided by the Department of Education. In other words, whereas most CCTs regularly pay a fixed amount of cash if failure to comply with conditions is not verified, Opportunity NYC's policy was to only remunerate families for those activities proven to have been performed.

Coupons were also a novelty introduced by Opportunity NYC. Every two months beneficiary families received a book of coupons for most incentivized activities. Each coupon included the identification information for the family and was supposed to be signed by a teacher, physician, or employer, depending on the activity. The family would then post all signed coupons to Seedco, which was in charge of processing payments on a bi-monthly basis. For most education activities, however, the monitoring of conditionalities was done directly through the matching of administrative records provided by the Department of Education (DoE). The DoE extracted from its databases information on school attendance and test performance for all children in families participating in Family Rewards.

The fact that beneficiary families were the ones in charge of proving compliance with most conditionalities – as opposed to programme administrators obtaining the data to release payments – made programme participation more time-consuming for families. Additionally, according to programme rules, neighbourhood partner organizations were not allowed to provide any kind of support aimed at helping families to fulfil the activities. At most, they could give them basic information on where to find certain services, but since case management was not permitted, they could not go beyond that. An interviewee emphasized this aspect:

> We followed the protocol as set by Seedco and MMRD [sic] and we were not permitted to deviate from that protocol. However that was what we found very difficult. What we found hard was that patients and clients usually have a level of case management that is done, especially at our institutions, because accessing services is not as easy and straightforward as it seems. Our patients/clients were used to case management. But we were not allowed to do any case management. We could explain the protocol, we could explain the coupons, we could tell what day they had to send them in, but other than that we weren't permitted to fill them out for them, or sit with them while they did it. People were expecting that we would help them, but we couldn't do it.

As a result, compliance was relatively low at the beginning of the programme. Throughout its first ten months of implementation, 75 per cent of all participating families received no more than US$3,600 in total (Center for Economic Opportunity *et al.*, 2008), which represents less than 30 per cent of the annual federal poverty line. In the 2010 evaluation report, programme managers acknowledged that Opportunity NYC's complex design caused operational difficulties, including a bumpy start-up process during the programme's first year (Riccio *et al.*, 2010).

Initially, Opportunity NYC was supposed to be a two-year pilot programme. However, in 2009, it was announced that Family Rewards would receive new funding and continue for a third year, even though final evaluation results were not available at that time. The continuation of Family Rewards for a third year involved a tighter budget, which led to the adoption of a 'streamlined schedule of incentives' (Miller, Riccio, and Smith, 2009). In other words, there were not enough resources to pay for all of the possible rewards described in the previous list of conditionalities. In deciding what activities should be cut, CEO, MDRC, and Seedco took into account two factors: operational difficulties and the results of the preliminary impact report.

The revision of the Family Rewards 'incentives menu' involved significant changes in the education conditionalities. For instance, the activity 'parental review of tests and discussion with teachers' was eliminated, mostly due to operational difficulties in verifying whether parents had really discussed their children's grades with teachers or just had them sign the coupon. Attendance conditionalities for elementary and middle school students were also cut. This decision was based on the programme's preliminary impact report, according to which Family Rewards had had no significant impact on the number of students who attended class for at least 95 per cent of school days (for further details, see *Box 6.1*). Also, reflecting the report's findings, incentivized activities were concentrated at the high school level, as the report found the programme had had no significant impact on either attendance or the academic performance of elementary and middle school students. Effects were significant at the high school level, as a greater percentage of Family Rewards beneficiaries reached the 95 per cent attendance mark and attempted the minimum of 11 credits, than of their control group counterparts[5] (Miller *et al.*, 2009).

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5. Although not all of those beneficiary students successfully completed attempted credits.

Box 6.1   Impact of Family Rewards and Opportunity NYC

In 2009, Miller, Riccio, and Smith prepared a preliminary impact evaluation report on Family Rewards, with data from the programme's first year of implementation. Interestingly, it was based solely on education data because information on compliance with most education activities was readily available through the DoE's databases and did not require the processing of coupons. Using such data, MDRC's team estimated the programme's impact on various educational variables, making use of statistical tools and methods to ensure that observed effects were most likely due to the programme, rather than to chance or to other factors.

In absolute terms, 'the most common reward earned for education was for high attendance' (Miller, Riccio, and Smith, 2009). One could say that this was an expected finding in the context of a developed country. Some could even argue that it served as evidence of the need to move beyond attendance-based conditionalities towards performance-based ones. However, the same report revealed that only 58 per cent of high school students, 74 per cent of middle school students, and 72 per cent of elementary school students earned at least one attendance reward throughout the programme's first year. Considering that attendance data was automatically provided by the DoE, the percentage of students who reached the 95 per cent attendance mark at least once was not that impressive.

In comparison with the control group, the report found that the programme had no significant impact on either attendance or the academic performance of elementary and middle school students. Effects were only significant at the high school level, as a greater percentage of Family Rewards beneficiaries reached the 95 per cent attendance mark and attempted the minimum of 11 credits than of their control group counterparts (Miller, Riccio, and Smith, 2009).

In 2010, MDRC released Opportunity NYC's comprehensive impact evaluation, which covers the first two years of implementation and includes all areas in which the programme was expected to have an impact, such as income, education, health, and work.

In education, the report confirmed findings obtained by Miller, Riccio, and Smith (2009) for the programme's first year of implementation. No impact was found on elementary and middle school students' attendance or achievement records. Noteworthy impacts were only found among high school students. Particularly, it was confirmed that Opportunity NYC increased the percentage of students who attempted 11 credits and who took at least one Regents Exam. However, this effect of increased student effort was not found to have translated into higher achievement, as the programme did not lead to more students earning 11 credits or passing the Regents (Riccio *et al.*, 2010).

The only educational impacts of Opportunity NYC that were statistically significant and of a considerable magnitude were those found among ninth-graders who had scored at or above proficiency level on standardized tests in eighth grade. Among those, the report notes that:

> These include a 6 percentage point reduction in the proportion of students who repeated the ninth grade, a 15 percentage point increase in the likelihood of having a 95 per cent or better attendance rate (in Year 2), an 8 percentage point increase in the likelihood of earning at least 22 credits (11 credits per year are needed to remain on track for on-time graduation), and an increase of 6 percentage points in the likelihood of passing at least two Regents exams (Riccio *et al.*, 2010).
>
> The report explains that proficient ninth-graders might have been in a better position to take advantage of programme incentives and make some educational improvements. However, it should be noted that even among proficient students these small positive effects were not observed for maths or English language test scores, which was the initial hope of the programme designers.

In its third year of operation, Family Rewards presented the set of educational conditionalities shown in *Table 6.3*. According to an interviewee, this change was not well received by children. According to her:

> At the beginning, all students would receive money for minimum attendance of 95 per cent. But in the second year [sic] they cut the payment for attendance to elementary and middle school students and they gave only to high school students. It was really a big change because elementary and middle school students were really excited about the money, even though it was not so much.

Cash payments were made directly to a bank account in the name of beneficiary mothers or high school students. In the latter case, cash rewards pertaining to educational activities were split between parents and adolescents, half the money being transferred into the students' own accounts and the other half into those of their parents. However, in many cases, families did not possess a bank account and had to open one specifically for the programme. An interviewee explained that:

> These are people who ordinarily do not have a bank account. They get their cheque, they go to a cheque-cashing facility and they cash their cheque. They don't have bank accounts. That's not the system that they use.

Table 6.3   Third year's set of education conditionalities
             per school level

School level	Incentivized activities	Cash rewards (US$)
Elementary school	Child scores a level 3 or 4 or improves an ELA or math test score by one level over the previous year	Grades 3–5: Families earn $300 per ELA and math test
	Parent attends a parent-teacher meeting	$25
Middle school	Child scores a level 3 or 4 or improves an ELA or math test score by one level over the previous year	Grades 6–8: Families earn $350 per ELA and math test
	Parent attends a parent-teacher meeting	$25
High school	Minimum attendance of 95% of school days during a two-month period	$100
	Student passes a Regents Exam, scoring 65 or above	$600 for each of the five Regents Exams
	Parent attends a parent-teacher meeting	$25
	Student takes the PSAT (Preliminary Scholastic Assessment Test)	$50
	Student accumulates 11 credits in the year	$600
	Student graduates and accumulates 44 credits	$400

Source: Opportunity NYC Family Rewards (2010).

Spark

Spark was conceived by Harvard Professor Roland Fryer and his team at the Education Innovation Laboratory (EdLabs). Fryer has dedicated his career to conducting leading research on racial issues, particularly on the achievement gap between black and white children. EdLabs is based on the idea of evidence-based policy-making and the belief that 'we can transform education through the power of the scientific method' (Education Innovation Laboratory, 2010). Currently, EdLabs' main experiments consist of trials of different strategies that give underprivileged children a material incentive to improve their performance in school. Besides Spark in New York City, Fryer's team is also leading two other programmes that provide cash for performance: Capital Gains in Washington DC and Chicago's Paper Project. In New York, another incentives-for-performance programme is being tried and evaluated by Fryer's team: the Million Motivation Campaign. Students are given mobile phones and are awarded talking minutes according to their academic performance.

Fryer has based those experiments on the argument that disadvantaged children lack the motivation to perform better in school because they do not have tangible examples of the future benefits of investing time and effort in education. Consequently, they need a material incentive that will influence their behaviour and boost their performance. In an interview to *New York Times Magazine*, he said: 'I'm troubled by the fact that we're treating kids as inanimate objects. They have behaviour, too. They respond to incentives, too' (Dubner, 2005).

Unlike Family Rewards, which targeted the entire family, Spark targeted only individual students and focused exclusively on education incentives. Spark's rationale was not based on the logic of a CCT, but focused rather on rewards for academic performance. According to an interviewed teacher,

> it was an incentive programme for students to want to do better, to strive for higher grading, and, in the interim, be able to have a connection with financial responsibility.

Also, whereas Family Rewards beneficiary children were spread across a number of different schools, Spark operated in only 63 schools, which were randomly selected for treatment from a total of 143 schools that had agreed to participate in the programme. Spark benefited fourth and seventh graders, totalling 17,744 students (see *Table 6.4*). Of those, 43 per cent were black and 42 per cent Hispanic, with 90 per cent of the total eligible for free lunch (Fryer, 2010). Spark operated between 2007 and 2010, in parallel to Family Rewards. Spark's cash incentives were also of smaller than those of Family Rewards. In Spark, 'students in fourth grade will receive up to $25 for a perfect score on each of 10 interim assessment tests taken throughout the year, up to a total of $250. Seventh graders can earn up to $50 per test for a maximum payment of $500 per year' (Seedco, 2007). According to Fryer (2010), 'the average 4th grader earned US$139.43 ($244 max). The average 7th grader earned $231.55 ($495 max)'. Payments were made directly to students rather than to their parents.

Contrary to most existing CCT programmes, Spark made payments conditional on student achievement, measured through test scores. The programme used student scores on English language acquisition (ELA) and maths at New York State assessments to determine whether each student should receive the US$25 to US$50 cash reward. Since the programme did not introduce new tests, but rather incentivized better performance on existing official state interim tests, students were not at risk of 'burnout' due to over-testing. Throughout the programme's

duration, US$6 million were paid in cash rewards to students. Part of those payments was made directly to their own accounts, as 66 per cent of them opened bank accounts (Fryer, 2010). Those who did not open an account were given a prepaid debit card or a bank check. Schools were also given financial incentives to participate: 'Participating schools received $2,500 if 80 per cent of eligible students were signed up to participate and if the school had administered the first four assessments. The school received another $2,500 later in the year if 80 per cent of students were signed up and if the school had administered six assessments' (Fryer, 2010).

Table 6.4   Spark in figures

Target grades	4 and 7
Number of beneficiary students	17 744
Number of schools in the experiment	143
Number of beneficiary schools (treatment group)	63
Total amount of cash paid throughout the programme	US$6 million
Cash reward for 4th graders	US$25 for a perfect score on each of the ten interim assessment tests
Cash reward for 7th graders	US$50 for a perfect score on each of the ten interim assessment tests
Cash reward for beneficiary schools	Up to $5 000 per year
Students receiving payments through individual bank accounts	66% of participating students

In comparison with Family Rewards, Spark was certainly more straightforward and easy to understand. Conditionalities were of a single nature: to achieve higher test scores in state interim exams. Accordingly, 90 per cent of students claimed to have understood the basic structure of the programme (Fryer, 2010). Nonetheless, programme results fell short of expectations. Fryer (2010) takes stock of the impacts of four incentives programmes tested by Edlabs in New York City, Washington DC, Chicago, and Dallas. As a whole, 'incentives for output did not increase achievement. Paying students for performance on standardized tests yielded treatment effects for seventh graders between -.018 (.035) and -.030 (.063) standard deviations in mathematics and .018 (.018) and .033 (.032) standard deviations in reading. The programmes in which fourth graders were paid for their test scores exhibited similar results'.

The aforementioned data show that the found standard deviations were not significant enough to greatly impact the programme's statistics, meaning that the difference between treatment and control groups could be explained solely by chance, rather than by programme results. The same study contrasts financial incentives for achievement with other policies recently tried in the United States: 'We find that relative to achievement-increasing education reform in the past few decades – Head Start, lowering class size, bonuses for effective teachers to teach in high need schools – student incentives for certain inputs provide similar results at lower cost. Yet, incentives alone, like these other reforms, are not powerful enough to close the achievement gap'.

Since the researchers conducting the Spark programme were economists, they thought of the education process as a production function. Consequently, their analysis was centred on observing the inputs and outputs of the function and trying to influence it in order to improve its outputs. For them, most education reforms concentrated solely on the inputs of the function, whereas incentives could work directly on the link between students and outputs.

6.2 Programme design process

The adoption of a CCT in New York City was to some extent a consequence of the deliberations of the CEO (the Poverty Commission), formed by Mayor Bloomberg in 2006 to advise him on how to mitigate poverty in the city. In the midst of discussions about possible strategies to face the city's poverty problems, some commission members (a scholar and representatives of the Rockefeller Foundation) suggested the adoption of a CCT programme (UN Webcast Archives, 2007). Those commissioners were familiar with the Mexican CCT programme and thought that its innovative model could be adapted to other cities, including New York City.

Even though the Commission's final report did not explicitly recommend CCTs, the Deputy Mayor decided to investigate their feasibility in New York City. Efforts were made to obtain further information on Mexico's *Oportunidades*, on the United Kingdom's child poverty campaign, and on any similar experiences that might have been in place in the United States. Working on this initiative were the Rockefeller Foundation; the CEO, created by the Mayor after the Commission's final report; and MDRC, a non-partisan policy research organization that later was placed in charge of the impact evaluation of Opportunity NYC.

Initially, programme materials, literature on CCTs, and reports provided by the World Bank were shared among partner organizations. Then, in December 2006, a two-day workshop was organized in New York at which the top administrators and leading evaluators of Mexico's *Oportunidades* participated. This was followed, in April 2007, by a study tour to Mexico, coordinated by the Rockefeller Foundation, which allowed Mayor Bloomberg, Deputy Mayor Linda Gibbs, and representatives of partner organizations to view the operations of the *Oportunidades* programme in greater detail.

The concept of a cash transfer tied to education-seeking behaviour resonated with ideas that Professor Roland Fryer had been promoting for some time. In 2004, Fryer convinced the NYC School Chancellor to let him expand an experiment that he had been running in Public School 70 in the Bronx, where he introduced small prizes to reward students for achieving better grades. Even though data for P.S. 70 had been inconclusive, the Chancellor permitted the experiment's expansion to more schools along with the replacement of small prizes by cash incentives (Dubner, 2005). Thus, the idea of adopting a CCT to tackle poverty in the city was coupled with the ideas and practices that Fryer had been promoting in education. As a result, Opportunity NYC became the first CCT to condition payments on academic achievement and not on enrolment and attendance alone, as had been the case of most existing CCTs.

The design process for Family Rewards involved various meetings with staff members of CEO, MDRC, Seedco, city agencies, the World Bank, and scholars like Professor Fryer. The DoE was specifically invited to help determine what education activities should be incentivized. However, the idea of including performance-based conditionalities was introduced by Professor Roland Fryer. A DoE staff member described the Department's participation as:

> They would come to us and ask what are the things that are objective and tangible to measure. We were not designing the programme, we were influencing the pieces that other departments were working on. And we had to make sure that the design was educationally sound.

In the first programme design meetings, DoE representatives also insisted that the programme should only reward activities for which the Department had data. In other words, students should not have to undertake anything extra to prove that they had complied with the programme's requirements. Also, the payment of rewards should be based

on objective information. Consequently, they were against proposals of having students submit report cards based on their schools' own grading system (interview, 14 January 2010). That would have made students vulnerable to pressure, or to the subjectivity of teachers. Since the grades that mattered to Opportunity NYC were those obtained in official tests, students could be assessed through objective and standardized criteria. DoE representatives also advocated for elements that ended up making Family Rewards operate in a significantly different way than Spark: they argued that schools should not be involved, so that students who were programme beneficiaries would not be made known, avoiding the possibility that teachers might inadvertently or otherwise sway the results by ensuring that students succeed in order to obtain the rewards.

With regard to Spark, a DoE staff member explained that:

> When Opportunity NYC came to us, we were doing an experiment from Roland Fryer, who was conducting a study on incentives and performance. He had seen some progress in Dallas and wanted to see if he could find similar results in NYC. So he wrapped that into Opportunity NYC as they were about incentives. They were different studies and they coordinated on releases and stuff like that.

In other words, whereas Family Rewards was designed by a group of institutions through various meetings and consultations, Spark was designed by a group of researchers working at Harvard with Professor Fryer. As Spark (commonly referred to as the 'Spark study' by interviewees) was seen as a good fit for the bigger Opportunity NYC strategy, the decision was made to include it as one of its subprogrammes.

6.3 Targeting mechanisms used to select beneficiaries

Family Rewards

Family Rewards used a combination of different criteria to target beneficiaries. The definition of which families should be eligible for the programme was first based on geographic targeting. Six low-income neighbourhoods in Manhattan, Brooklyn, and the Bronx were chosen: Central and East Harlem in Manhattan; Brownsville and East New York in Brooklyn; and Morris Heights/Mount Hope and East Tremont/Belmont in the Bronx. Those districts were chosen for their high concentration rates of poverty and unemployment. According to Riccio *et al.* (2010),

> [In] 2006, when the Mayor's Poverty Commission deliberated, the official poverty rate in the city was 18 per cent. In the six Family

Rewards community districts, the official poverty rate averaged 35 per cent, and it approached or exceeded 40 per cent (a level of poverty that many experts define as 'extreme poverty') in three of those communities.

Within those community districts, eligibility criteria involved the following requirements: families must have at least one child entering fourth, seventh, or ninth grade in a New York City public school in September 2007. According to an interview, those grade levels are critical transition points in the public education system, and were therefore chosen as the entry level for beneficiary children; family income must be less than 130 per cent of the federal poverty level; at least one parent must be a US citizen or a permanent legal resident; and families must live in one of the designated community districts (Opportunity NYC, 2008).

Charities and community organizations operating in each of the six districts – called NPOs in the programme's parlance – were contracted to locate and contact families that met the above-mentioned eligibility criteria. Data provided by the Department of Education were used to search for families. The data provided information on children enrolled in the eligible grades (fourth, seventh, and ninth) and who received free or reduced-price lunches, which were used as a proxy for low income. With that information in hand, the contracted NPOs began looking for eligible families. Each NPO was responsible for at least 850 family applications. Even though the original goal was to enrol about 5,100 families, only 4,778 were eventually enrolled (Miller, Riccio, and Smith, 2009). Since the programme sought out families and not the other way around, it was difficult to locate appropriate candidates; sometimes contact information provided by the DoE was outdated and some families could never be reached (Miller, Riccio, and Smith, 2009). For those families who were reached, it was not always clear to them why they were being contacted. Some were even suspicious of the programme and doubted its credibility.

Targeted families, once located, were invited to apply to the programme and sign a consent form. By signing the form, they consented to participate in the programme and allowed their information to be accessed throughout its duration, which included not only the two years in which they could receive cash rewards, but also the follow-up years, during which they would be monitored as part of the research. From the total pool of applicants, beneficiary families were chosen through a lottery in order to make the selection random. The treatment group comprised 2,400 families who were eligible for cash rewards, whereas

the remaining families (2,378) were placed in the control group (Center for Economic Opportunity, 2009). As they had signed a consent form, families in the control group were and continue to be monitored until the programme's final impact report, to be released in 2014.

It should be noted that, according to an interviewee, programme targeting placed some NPOs in a difficult situation with the communities they served. De facto, most NPOs employ a universal, non-targeting approach, by which they serve all community members in need of their work. However, according to the rules of Family Rewards, only selected families could participate, which meant that NPOs had to 'turn their back' on members of their community who were not part of the treatment group.

Spark

Fryer (2010) describes the process of selecting participating schools and students as follows:

> First, we garnered support from the district superintendent. Second, a letter was sent to principals of schools that served the desired grade levels. Third, we met with principals to discuss the details of the programmes. In New York, these meetings largely took place one school at a time ... After principals were given information about the experiment, there was a sign-up period. Schools that signed up to participate served as the basis for our randomization. All randomization was done at the school level. After treatment and control schools were chosen, treatment schools were alerted that they would participate and control schools were informed that they were first in line if the programme was deemed successful and continued beyond the experimental years.

As the above excerpt reveals, targeting was mostly done at the school level. First, invitation letters were sent to all public schools serving the desired grades (4 and 7) in New York City. Schools that accepted the invitation entered a lottery system that divided them into treatment and control groups. Within selected treatment schools, all Grade 4 and 7 students were eligible for the programme. Since parental consent was mandatory, only students whose parents had agreed to programme participation were eligible to receive incentives; however, students were given until the end of the school year to turn in the parental consent form. If they submitted the form by the end of the school year, they could still receive the rewards accumulated through all the exams they had taken.

6.4 Programme implementation process

Family Rewards

Seedco centrally coordinated the daily implementation of Family Rewards, under the supervision of the CEO. Seedco was under a contract from the Fund for the City of New York and subcontracted six NPOs, one in each of the community districts selected for the programme. These NPOs were: Union Settlement, BronxWorks, Catholic Charities, Groundwork, Urban Health Plan, and Brownsville Community Development Corporation.

NPOs responsible for recruiting families used a list provided by CEO, based on data from the DoE. The list identified children attending public schools in the selected community district and who were eligible for free lunches. As the families' contact information was included on the list, NPOs actively reached out to them to get them to apply to the programme. Once families had applied to the programme and subsequently had their participation approved, the NPOs took on an orientation role to help them understand how they could successfully get the rewards. NPOs provided guidance to families and ran information workshops. However, they were not allowed to undertake any form of case management, which was viewed by programme designers as an intervention in the incentives process. Since the rationale of an incentives programme centred on the interaction between incentives and efforts, it was feared that intervening institutions could influence the effect of incentives, thus generating bias in the experiment.

Seedco, in turn, provided all the logistics for programme implementation. It subcontracted NPOs, produced all programme marketing materials, and was responsible for payment processing and operation of a helpline. Seedco also received all coupons and student records, determined whether families had met programme conditions, and disbursed payments to the corresponding bank accounts.

A family would receive a payment if records provided by DoE indicated that children in the selected grades had succeeded in performing one or several of the rewarded activities. The family could also receive a payment if it submitted one or more coupons containing the required information and proof that certain activities had been performed. Payment for performed activities was not immediate, however. According to the programme's schedule, Seedco could take up to a month to verify records and coupons, and up to another month to process payments. Therefore, families that had accomplished at least

one activity were paid every other month. In most cases, payments were directly deposited into the head of household's bank account. In the case of education incentives related to high school students, half the payment would go into the student's own account and the other half into his or her parents' account. In some situations where the family did not have a bank account, payments were transferred to a stored-value or prepaid debit card.

All participating families were posted yearly coupon books. Each paper coupon corresponded to one activity and contained the family's information, their registration number, and instructions on what documents should be sent along with the coupon. For the Family Rewards education component, compliance with most incentivized activities was verified through DoE data, but completion for two activities had to be verified via coupons: parent-teacher meeting attendance and library card issuance. The higher complexity of Family Rewards in terms of its set of conditionalities and means of verification required the adoption of two strategies. First, Seedco contracted a marketing firm to develop a campaign with the aim of eliciting 'appealing' information on how families were expected to participate. Second, individualized bi-monthly statements were mailed to families after each payment cycle, highlighting the awards earned as well as the total potential rewards that a certain family could have earned had they taken full advantage of the programme.

Miller, Riccio, and Smith (2009) reported on various implementation challenges during the programme's first year. Some are quite similar to those faced by CCTs in the developing world, such as payment problems. Early in the programme, it was apparent that even in the world's largest financial centre there were families who did not have access to the banking system. Partnerships were then established with commercial banks, so that beneficiaries could open their bank accounts without incurring an additional charge. Even so, during the first year, various difficulties were faced due to problems with participants' bank accounts. As a result, 6.5 per cent of beneficiary families did not receive any payments even though they had complied with some activities and earned rewards (Miller, Riccio, and Smith, 2009). Also, throughout the entire programme's duration, many of the newly opened bank accounts were closed for insufficient minimum funds, as some banks require minimum cash balances or otherwise charge user fees. Since some beneficiary families did not know this, they would withdraw all the

money deposited in their accounts, only to later realize that the account had been closed and they could no longer receive programme payments.

Spark

Spark's implementation measures were conducted directly by Harvard's EdLabs in partnership with the City's DoE and participating schools. One key feature of Spark's implementation was the existence of incentives, not only for students, but also for schools.

Supposedly, this cash incentive to schools was meant to cover administration costs resulting from programme participation. However, those incentives could also be seen as a way of obtaining school support to convince families to allow student participation in the programme. In the United States, all matters related to research involving human subjects are very sensitive and a number of measures are required to prevent physical and psychological harm to research participants. In the case of research involving minors, as in Spark, it is mandatory to obtain the formal consent of parents or guardians.

All Grade 4 and 7 students in participating schools (whether or not they had consented to the study) were given ten tests throughout the school year: 'six computerized exams (three in reading and three in math) as well as four predictive assessments that were pencil and paper tests' (Fryer, 2010). Students whose parents had not given their informed consent took the tests but could not receive cash rewards. Unlike Family Rewards, Spark tests were specifically designed and administered for the purpose of the study, rather than being ordinary period assessments from the DoE. Hence, Spark's implementation was separate and very different from that of Family Rewards. As a result, some interviewees did not know or recognize the programme as part of Opportunity NYC, rather referring to it as the 'Spark study'. Furthermore, only one Spark school replied to the invitation to participate in interviews for this chapter. This low response rate may likely be due to the fact that the invitation letter referred to the programme as Opportunity NYC.

6.5 Transparency and accountability mechanisms

One interviewee repeatedly emphasized the fact that Opportunity NYC is entirely privately funded, and therefore does not part encompass the institutional oversight and control mechanisms involved in a full-scale government programme. As they were structured through private contracts, each of the contracted organizations could be subject to their own internal audit mechanisms or to external audits solicited by

programme funders. This was the case of Seedco, which experienced an external audit specifically on payment processing.

Despite the private nature of Opportunity NYC, all interviewees confirmed that the accountability and legal responsibility aspects of the programme had been clearly defined, especially in the contracts established between CEO and Seedco, as well as between Seedco and contracted NPOs. As institutional responsibilities were legally defined in the contract, any acts of misconduct, fraud, or deviation from programme rules was punished through the termination of contracts. A representative of one of the funding organizations also emphasized the clarity of the accountability measures involved in the donation of funds to the programme, which were channelled through the Fund for the City of New York. In his words:

> I worried a lot about the experiment that was being launched, I worried a lot about how those incentive systems were structured, but I wasn't worried about the misuse of funds.

The above perception was present in all interviews and there was, thus, a widespread consensus that accountability issues were clearly defined and that programme institutions had taken responsibility for their actions. Moreover, reports were filed with funding agencies on a regular basis. MDRC was in charge of preparing professional, analytical reports on Family Rewards and Work Rewards. At least two of them – Miller, Riccio, and Smith (2009) and Riccio *et al.* (2010) – were made public as soon as they were finalized. For instance, Miller, Riccio, and Smith (2009) introduced their report with the following explanation: 'This research note provides an update to the funders of the Opportunity NYC demonstration of preliminary results from the evaluation of the Family Rewards program.'

Administratively, Seedco was in charge of informing other institutions about the programme's financial execution. After each bi-monthly payment cycle, Seedco submitted a report to MDRC and CEO showing the distribution of payments – how many families, how much money they received, and for what activities they received it. Additionally, all Family Rewards features were well documented in Riccio *et al.* (2010), a 400-page study report. Reporting on Spark was the responsibility of Harvard's EdLabs; their main study report (Fryer, 2010) was released after programme implementation had ended. Meanwhile, CEO produced a straightforward and user-friendly website

for Family Rewards.[6] This provided both the general public and potential beneficiaries with basic programme information, and has recently been updated with added functionality, such as the ability to print activity coupons directly from the website.

Seedco also created a helpline, meant to serve mainly Family Rewards and Work Rewards beneficiaries. As a central idea behind Opportunity NYC was to provide support to the poor without the use of traditional welfare measures (like case management), the helpline was the only resource available to some participants without an Internet connection or with issues that could not be resolved by information on the Family Rewards website or with the support of NPOs. Helpline services, offered in both English and Spanish, were the only channel through which participants could discuss payment complaints, since helpline operators were the only staff with access to payment information. They were able to explain, for instance, why some coupons had been rejected and why the corresponding payments had not been approved.

In the case of Spark, open public information was not as available. The website of the EdLabs[7] only contains a very brief description of the programme and thus cannot effectively guide participating schools or families. Detailed information on Spark was only made available to participating schools and families, both in the form of information packages and in-site visits from programme staff. And whereas Family Rewards published an early results report, Spark only had a full-scale report (in the form of an academic article) released almost three years after the programme had been initiated.

When asked whether there had been any cases of fraud or misconduct, an interviewee recalled that there had been a few cases where Family Rewards organizations doubted the veracity of documentation submitted by some families, including signatures on their coupons. These were mostly coupons for work-related activities, which were not linked to official administrative records that could prove whether or not the activities had been completed. (The signature of a registered teacher or doctor working in credentialed schools or clinics was required for education or health-related activities, but work-related coupons could be signed by any employer, for whom there was no official database.)

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6.   www.opportunitynyc.org
7.   www.edlabs.harvard.edu

In such cases, Seedco staff would call the firm/person who had signed the coupon and double-check the information presented on it. If the information turned out to be partially or entirely false, the coupon would be rejected and the corresponding reward would not be paid; however, proved fraud did not result in expulsion from the programme.

It should be noted that even though the submitted information could be inaccurate, coupons themselves could not be falsified. Coupons included complete participant information, with the registration number of each participating family, and were verified by Seedco personnel according to the data present in their IT system.

6.6 Analysis of how programme variables influenced transparency

Although the above-mentioned mechanisms were implemented to promote programme information and facilitate participation, Opportunity NYC was complex in its functioning, leading to difficulties among participants in fully understanding the programme. Its structure and rules were complicated, probably because the programme was first designed as a research project, and was thus very specific and technical in nature. A representative of one of the funding organizations, for instance, when asked how the programme works, replied:

> Well, I don't have thousands of pages in front of me, but I could give you a general answer.

Part of this complexity lies in the fact that the programme embodied three separate programmes: Family Rewards, Spark, and Work Rewards. Consequently, beneficiaries needed to know which modality they were entitled to in order to look for programme information. This was further complicated by the fact that media coverage on the programme mostly referred to Opportunity NYC, even when only informing about Family Rewards. On the other hand, Spark had a very separate existence, and some schools did not even know it was part of Opportunity NYC.

NPOs made efforts to explain the programme rules to beneficiaries, but they were not allowed to provide any support beyond explaining how it functioned. Consequently, families who were sceptical about the programme, or who did not make the effort to look for more information, were likely to have missed some benefits. Additionally, Family Rewards involved a complex reward schedule. If a participating family wanted to obtain all the cash rewards it was eligible for, it would have to complete a long list of activities and frequently prove compliance by filling out

coupons, having them signed, and mailing them to the programme. For low-income families, especially those for whom English is not their mother tongue, participation in the programme could be confusing and time-consuming. Riccio *et al.* (2010) recognized that 'parents understood the programme's general offer and purposes but many were initially confused about some of the details, requiring the providers to make on-going efforts to educate families about the specific rewards and how to claim them'.

This is where complexity may hinder transparency. Despite all efforts to produce reports and create communication channels with beneficiaries, programme features and details were themselves sometimes a barrier to a comprehensive understanding of the programme. Also, as the first phase of the programme came to an end, it was difficult to obtain information from all the institutions that had been involved in its implementation. Some of the contracted NPOs had assigned contact persons to work with the programme, and those employees had centralized all programme information. However, due to the high personnel turnover in those organizations, some of those contact persons had left, leaving behind no institutional evidence of the programme. As a result, it was difficult to recover programme information from those who were working directly with programme beneficiaries. In the case of Spark, the fact that it was a rigidly designed and monitored research project allowed the implementing organizations to maintain some secrecy until the final results were released in an academic paper (Fryer, 2010). The paper contained detailed information on the programme results, whereas only limited information had been available previously.

Finally, regarding the degree to which Opportunity NYC families were accountable for their participation in the programme, there was no record of cases in which programme participation was terminated due to participant misconduct. As mentioned earlier, an interviewee stated that there had been cases in which the information submitted on coupons was found to be false. This happened mostly with work-related activities, where participants had to prove that they had some kind of part-time or full-time job. In those cases, however, coupons were just rejected, without negative repercussions for the family, such as exclusion from the programme.

6.7 Indication of best practices

Despite any confusion caused by its complex structure, Opportunity NYC had clear terms of responsibility for the implementing institutions,

and even though a number of organizations were involved in the programme's execution, each of them knew its place and role. None of the interviewees for this chapter exhibited concern for mismanagement of resources, infringement of regulations, or any other kind of misconduct. Staff members of all involved institutions were very professional, serious, and dedicated, generating widespread confidence in programme operations. Regular reports seemed to have played an important role in keeping stakeholders 'on the same page' throughout the programme's lifecycle. Various interviewees mentioned that MDRC reports were very comprehensive and satisfied their information needs. Reports were very successful in keeping a record of all programme activities, procedures, criteria, and steps taken.

It should be noted that those well-structured practices to ensure accountability only pertained to the examination and disclosure of information on programme implementation and its impacts. Interviewees did not mention the handling of financial resources, bookkeeping, auditing, or similar. It seems that greater importance was placed on the achievement of results than on managing resources and administrative processes, and so on. This may be a good lesson for countries in which receiving good audit reports becomes more important than achieving the results that a policy or programme are expected to deliver. Also, the involvement of grassroots organizations (NPOs) provided the programme with local expertise on the dynamics and features of each district. Although the programme attempted to avoid case management, NPO services were a good solution providing direct and face-to-face support to families. In addition, families had various means of accessing information on the programme, such as the programme's website and helpline. These readily available sources of information were important, not only for instant contact with the programme, but also for greater autonomy on the part of participating families.

Finally, and very importantly, Opportunity NYC involved substantial efforts in testing the programme's theory and improving implementation on the basis of early findings. In other words, the learning component was very strongly present in the programme. Since the initial design phase, robust evaluative studies were structured and implemented to scientifically determine whether the programme had produced results. There has been a constant process of data collection with the gathering of both quantitative and qualitative data. This has permitted consistent identification of which incentives have been successful, and which have not. For instance, evaluation results have

demonstrated that incentives for school attendance and improved test performance in elementary and middle school were not effective, in contrast to high school students, some of whom achieved statistically significant results.

6.8 Conclusions and recommendations

Opportunity NYC was an interesting and unique experiment of an incentives programme in the North. It involved very unusual features compared with other CCT schemes in the world, and attracted the attention of researchers and journalists in the United States and abroad. In education, the programme innovated in introducing incentives for improved academic performance, testing whether cash transfers could lead to higher test scores and identifying which educational levels were more responsive to those rewards.

Opportunity NYC provided a good example of best practice when it comes to measures and provisions to ensure full accountability by the institutions in charge of implementation. Terms of responsibility were very clear, programme criteria and procedures were objectively defined, there was a strong data collection and reporting routine, grassroots organizations were involved, and programme impact was scientifically evaluated. Such rigour and professionalism made the programme highly trustworthy, especially by its donors, who received constant information on programme status.

Opportunity NYC is a model of a carefully developed incentives programme, in which planning and evaluation of a pilot experience took place before bringing the programme to scale. That allowed programme staff to identify and correct issues in programme design and implementation before expanding it into a full-fledged, citywide programme. However, throughout that learning process, 'programme designers recognized that creating many different opportunities for the families to earn rewards and obtain large total cash transfers came at the price of simplicity' (Riccio *et al.*, 2010). That lesson will certainly illuminate the programme's future phases, increasing its chance of a smoother and less complex implementation process.

Does this mean the programme has not been fully transparent? Does it need to be simple to be transparent? The answers to these questions certainly depend on the definition of transparency that one takes into account. Nonetheless, one may well advocate for a broader definition of transparency, in which not only the disclosure of information is

deemed important, but also – and most importantly – the ownership of that information by all stakeholders, especially those whose lives will be directly involved. If beneficiaries can better understand how an incentives programme operates, they can better respond to its incentives and allow for programme impact. If society in general can better understand how an incentives programme operates, it can better perform its social control role, making sure that good programmes will always have political support.

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Chapter 7
National School Feeding Programme, Cajuru, Brazil

Sônia Miriam Draibe

Brazil's National School Feeding Programme or *Programmea Nacional de Alimentação Escolar* (PNAE) is a long-established programme that emerged in Latin America in the wake of liberal reforms and efforts to combat poverty. School lunch programmes have existed in the whole of Latin America since the beginning of the 20th century, starting in Uruguay and followed by Chile and Brazil in the middle of the century. There are many differences among these programmes, specifically in their design, financing, beneficiaries, demand of family contribution, and managerial structure. Figueroa Pedraza and Souza de Andrade (2005) identify three country groups among Latin American school lunch programmes according to their financing sources and managerial structure: (i) programmes mostly financed by international assistance, which are centrally managed, and demand the participation of parents, teachers, and the community for operational costs and the preparation of the food (Bolivia, Dominican Republic, Ecuador, Guatemala, Nicaragua, and Peru); (ii) programmes financed by domestic resources, which adopt a centralized management model (Colombia, Uruguay, and Venezuela); and programmes financed by domestic resources, which adopt a decentralized and flexible management model, sometimes making use of outsourcing (Argentina, Brazil, and Chile).

The region has universal and free programmes (Brazil), as well as programmes that target schools and students, which take into consideration high levels of vulnerability (Chile) or economically depressed areas (Nicaragua). The Latin American debate over who should benefit from school lunches has long been polarized between those who support programmes based on universality and free access, and those who advocate programmes that focus on the poorest. Those in favour of universality and free access cite equality and equity for all as driving reasons, while those in favour of targeting emphasize the need 'to give more to those who have less' as a matter of social justice. More recently, the idea that school lunch forms part of children's rights and not just the anti-poverty agenda, has gathered strength in the region. In this context, the targeting of lunch programmes becomes

meaningless (Abreu, 1995; Cohen and Franco, 1999; Figueroa Pedraza and Souza de Andrade, 2005; Valeriani, 2011). The National School Feeding Programme in Brazil stands apart from the others for two main reasons: its enormous scope (more than 45 million beneficiaries) and its radical and flexible forms of decentralization, even though it was highly centralized during the last several decades.

The methodology for this study included the collection and use of secondary sources and a set of interviews with key local actors (34) involved in the implementation of PNAE in the city of Cajuru. Cajuru is a small city located in Media Mogiana, one of the three poorest regions of the state of Sao Paulo. According to the 2010 population census its total population was 23,378 inhabitants (20,802 urban and 2,576 rural).[1] Income figures put Cajuru below the state average of Sao Paulo with GDP per capita at R$8,802.37, less than a third of the state GDP per capita of R$24,457.00. The illiteracy rate among people aged 15 and over was 9.6 per cent, exceeding the state percentile of 5.6 per cent.

Cajuru was selected for a number of reasons. First, it is difficult to conduct a sample research study of the overall PNAE programme because of its ample range and heterogeneity (PNAE benefits 45.6 million people daily in 27 states and 5,565 municipalities). Second, it is a highly decentralized programme, which implies not only a great heterogeneity of procedures and practices, but also local variations in its implementation. Third, the decentralized structure of PNAE and its strong tendency towards municipalization justify the choice of a municipality, and not for a state, as a unit of research. Finally, Cajuru is well known for the quality of its public schools, which rank above others in the national development index of basic education (IDEB) with one ranking first on the 2010 evaluation.

7.1 Description of the Brazilian School Feeding Programme

Objectives

PNAE is a Federal school meal programme. It is universal, free, and available for all students of public, philanthropic, indigenous and *quilombolas*[2] schools enrolled in all levels of basic education (infant,

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1. For further information, see: www.cajuru.sp.gov.br/index.html
2. *Quilombola* is the common designation for fugitive slaves in the Brazilian slavery period. They took refuge in *quilombos*, little communities that have survived over time. Nowadays there are more than 2,000 *quilombos*, which struggle for legal recognition of their properties.

fundamental, and middle school), as well as youth and adult education (Educação de Jovens e Adultos or EJA). PNAE's main objective is to provide students with a nutritious meal, covering at least 15 per cent of their daily calorie and protein needs, 200 days a year. In recent years, the programme's goal has been more widely reformulated by the educational authorities of the country: 'Its objective is to meet the nutritional needs of students during their stay in the classroom, contributing to the growth, the development, learning and academic performance of students and to promote the formation of healthy eating habits.'[3]

According to a new and enlarged conception of PNAE, in addition to meeting the rights of children, the programme aims to complement governmental efforts in the field of food security and nutrition. For this purpose, its agenda should integrate with those of the education, health, environment, and agriculture sectors. Thus, moving forward from the tradition of assistance (*assistencialism*), PNAE gives priority to the nutritional quality of school meals; nutrition education (to encourage healthy eating habits among students); the stimulation of family farming as local suppliers for a third of food purchased; and social participation, through the action of the School Food Council (CAE).

In order to achieve its goals, PNAE has established the following five organizational principles:

- *Universality:* PNAE benefits all students enrolled in school, regardless of their social status, race, colour, and ethnicity.
- *Equity:* PNAE promotes equal treatment for healthy students and differential treatment for students with special needs (e.g. celiac and diabetes), whose menus are prepared by qualified nutritionists.
- *Continuity:* PNAE guarantees attendance throughout the school year.
- *Decentralization:* PNAE transfers federal resources to members of the Federation, which are responsible for providing food to students.
- *Social participation:* PNAE encourages the participation of civil society, to monitor and control the programme through actions aimed at strengthening the CAE.

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3.   See www.fnde.gov.br/index.php/programmeas-alimentacao-escolar

Target population

Aimed at students attending basic level, special education, or youth and adult education, PNAE is implemented through networks of municipal and state public schools. For a better understanding of PNAE mechanisms and processes of implementation, it is important to identify precisely, within the structure of the Brazilian education system, the levels and grades that benefit from the programme, as well as the modalities of decentralization that characterize it. The current structure of Brazil's regular and special education system is presented in *Table 7.1*. Infant education (4–5 years), but not nursery (0–4 years), is mandatory. Fundamental education (6–14 years) is compulsory and free. Middle education is also free, but not mandatory. Young people and adults who did not finish regular schooling can take supplementary examinations to obtain their degrees under the EJA system.

Table 7.1   The Brazilian education system: levels, grades, and target population

	Levels	Grades		Target population
Regular education	Basic education	Infant education	Nursery	Up to 3 year
			Preschool	4–5 years
		Fundamental school (elementary)		6–14 years
		Middle school (high school)		15–17 years
	Higher education	Undergraduate		Above 18 years
		Graduate	PhD studies	
			MA studies	
			MBA studies	
Special branches	Special education			For special needs
	Youth and adult education (EJA)	Fundamental level		Youths and adults who did not finish regular school may take supplementary examinations to obtain their degrees (Educação de Jovens e Adultos or EJA)
		Middle level (high school)		

The national education system is predominantly public at infant, fundamental, and middle school levels (respectively 73, 87, and 88 per cent of all enrolments in 2010), and predominantly private in higher education (75 per cent of all enrolment in 2009). In

2010, Brazil had 51.5 million students attending basic school, which encompasses infant education (nursery and preschool), fundamental and middle school (from 6 to 14, and 15 to 17 years respectively), and supplementary education (youth and adult education or EJA). Of these, 43.9 million or 85 per cent attended public schools, while 7.56 million or 14.7 per cent attended private schools, as shown in *Table 7.2*. In addition to the approximately 44 million students in the public school system, there are another 1.14 million vocational education students, and approximately 458,000 students from indigenous people's schools and from the remaining areas of *quilombolas,* totalling 45.6 million students. Theoretically, this is the public to be served by PNAE, as regularly quantified by the school census of the preceding year.

Table 7.2   Enrolment in basic education according to multiple providers

	Total	**Public schools**				**Private schools**
		Subtotal	*Federal*	*State*	*Municipalities*	
2010	51 549 889	43 989 507	235 108	20 031 988	23 722 411	7 560 382
% of total		85.3	0.46	38.9	46	14.7

Source: MEC/INEP/DEED.

The responsibility of each federative level as school provider, although determined by law, has historically been an institutional challenge for the Brazilian education system. Basic education has been conceived of as decentralized since the first Republican Constitution of 1891. According to current legislation, municipalities are responsible primarily for infant and fundamental schools, while states and the Federal District are responsible for middle schools. The Federal Government, in turn, exerts a redistributive and supplementary function on educational matters and provides technical and financial assistance to states, the Federal District, and municipalities. Furthermore, the Federal Government is responsible for organizing and providing higher education. In reality, however, states and municipalities offer various levels of education (there are 67 Federal universities and 29 state universities in Brazil). In some cases, municipalities offer superior education. Such a situation results in an overlapping of responsibilities and the development of competitive educational systems.

But it is in fundamental schools where the strongest parallel systems are found. Until 1980, states and municipalities accounted for 50 per cent each of total enrolment; but in the mid-1990s with the decentralization of education these statistics changed, particularly for Grades 1–4, as shown in *Table* 7.3. Overall, municipalities provide predominately for nursery (65 per cent) and preschool levels (74 per cent) followed by private schools (34 per cent and 23 per cent respectively). In fundamental schools, the municipality is the predominant provider for the four early grades (1–4, with 69 per cent), but states still provide almost one-fifth of enrolments in those years. In Grades 5–9, states are still the main providers (49 per cent), followed by municipalities (38 per cent) and private schools (13 per cent). The participation of states at the middle school level is overwhelming (86 per cent).

Table 7.3   Education providers' participation in percentage of enrolments

Levels	Grades		Education providers in % of total enrolments			
			Municipalities	*States*	*Federal Govt*	*Private*
Basic education	Infant education	Nursery	65	< 1	< 1	34
		Preschool	74	2	< 1	23
	Fundamental school (elementary)	Early years	69	18	< 1	13
		Late years	38	49	< 1	13
	Middle school (high school)		1	86	2	11

Source: MEC/INEP school census (2010).

It is worth mentioning that although there are general rules and regulations, state and local governments have a high degree of autonomy to design their own systems and legislate on important aspects of educational policy at both basic or fundamental and middle school levels.[4] As a result, there are strong organizational, material and, above all, pedagogical heterogeneities among states and municipal education

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4.   Their sphere of responsibility includes curriculum design (within the limits of the National Curriculum Guidelines established by the Ministry of Education), setting the school term, staffing (in accordance with constitutional norms that establish open examinations for government employment), and determining salaries and career progression for teachers.

systems that also reflect the low capacity of municipalities, especially in small cities with little institutional resources.[5]

Because of the concurrent jurisdictions and the duplication of state and municipal educational systems, PNAE implementation tackled many significant institutional challenges. Two factors help to explain states and municipalities concurrently undertaking the provision of education. First, existing legislation does not establish exclusive provision at any educational level. Second, Brazilian Federalism is characterized by a flexible division of powers among the three federal entities, and significant autonomy among municipalities.[6]

Programme budget

PNAE is funded by Federal, state, and municipal government tax resources and managed by the National Fund for Education Development and the Ministry of Education (FNDE/MEC). In 2011, the Federal Government spent about R$3.1 billion (about US$1.8 billion, equivalent to 0.08 per cent of GDP) on PNAE. This amount is equivalent to slightly less than a quarter of federal spending on the Bolsa Familia Programme in the same year (i.e. R$13.119 billion or about 0.4 per cent of GDP). Overall, the Federal Government provides a per capita amount per student, per school day (200 days per year), ranging as follows: R$0.30 (about US$0.17) for all regular schools; R$0.60 (about US$0.35) for indigenous and *quilombolas* schools; and R$0.90 (about US$0.56) for day schools (Programme Mais Escola).

The amount of funds to be transferred is calculated based on the number of students duly enrolled in the schools. This information is provided annually by the education census. FNDE then takes it into consideration when calculating the amount to be sent to each state and municipality participating in the programme the following year. These amounts are low, and state and municipal resources are used to complete the outstanding sum. However, the participation of the Federal Government is usually higher than that of states and municipalities. Furthermore, there is great variability in the amount both states and

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5. Seventy-five per cent of Brazilian cities have less than 20,000 inhabitants, 50 per cent have a maximum of 300 municipal civil servants, and 75 per cent have a maximum of 500 municipal civil servants. 5.5 per cent of Brazilian cities with less than 300 municipal civil servants have Internet access (IBGE, www.ibge.gov.br/ibgeteen/ noticias/municipios.html).

6. Brazilian federalism is cooperative and there are few exclusive competencies for each level of government. For that reason, it is usual to have overlapping or conflicts of competence among federal units.

municipalities contribute to their respective lunch programmes, with those with fewer natural resources contributing less.

For this reason, it is likely that the quantity and quality of school meals vary considerably, which undoubtedly creates huge inequalities. In this regard, Rosana Cruz (2009) emphasizes that: 'Concerning the funding for education, it was noticed that the Union does not fulfil the redistributive and supplementary function constitutionally provided ... Amounts managed by local autarchy and political interference, especially in voluntary transfers, still do not allow the reduction of disparities in Brazilian educational supply'. It is true that while FNDE encourages states and municipalities to increase resources, improve school meals, and encourage local products at lesser costs, the programme does not have strong incentives or compensatory mechanisms that can reduce inequality.

In Cajuru, PNAE is fully municipalized. The municipality receives federal funds from FNDE as well as state resources from Sao Paulo – since the municipality convened with the state to offer lunches to state schools located in the city. The municipal government adds its own complementary resources to these funds. The composition of resources for school meals for students in nursery, fundamental, and adult education is displayed in *Table 7.4*.

Table 7.4   **Cajuru, National School Feeding Programme: resources by source (2011 budget)**

Sources	Amount	%
FNDE (Federal Government)	R$266 220.00	55%
State Government	R$103 796.00	21%
Municipal Government	R$115 078.00	24%
Total	R$485 094.00	100%

Source: Municipal Secretary of Education, Cajuru. Interview, May 2011.

7.2 Programme design process

Conditions of participation and financial transfers

The programme is completely decentralized. The Federal Government transfers all related resources to states and municipalities, and the decentralized unit (state or municipality) is responsible for programme implementation. The executive unit is the entity responsible for the

financial execution of PNAE; this can be the state, the municipality, or even the school if a state or municipality so delegates the physical and financial functions of the programme (bid, purchases, accounts, etc.). The transfer of federal resources is split over ten instalments, each one covering 20 school days, totalling 200 school days. The funds are transferred to specific and exclusive accounts opened by FNDE at the Bank of Brazil, Caixa Econômica Federal, and other official financial and sometimes regional institutions. FNDE opens a number of different accounts: for pupils in infant and basic or fundamental public schools, for students attending philanthropic schools, and for indigenous and *quilombolas* schools.

All states, federal districts, and municipalities may participate in the programme. However their participation is not mandatory. Acceptance of federal resources comes with certain obligations, such as the establishment of a local deliberative, advisory and supervisory CAE; compliance with standards set by FNDE for application of the resources; acquisition only of food specified in recommended menus; and maintenance of accounting records for all funds received (MEC/ FAE, 1995*a*; 1996*b*). Menus must be prepared by trained nutritionists with the participation of CAE, respecting local food customs and giving preference to basic agricultural commodities, such as semi-processed and fresh products. The meals must be made in the schools (the most common practice) or in a central kitchen from where they are distributed to the schools.

Accounting and penalties

In the past, PNAE annual agreements between the Federal Government and states or municipalities were required for each annual transfer. However, the legislation forbade fund transfers if the state or municipality was in debt to the Government. Such situations interrupted fund transfers many times in PNAE history. Recognizing the potential detriment to student health, new legislation was put in place in 2009, regulating the default situations of states and municipalities regarding PNAE. Transfers became automatic. If PNAE annual accounts are not presented within the legal period, or if CAE or superior organs contest them, the revised legislation allows FNDE to transfer the funds directly to the executive units of the schools. After this period, federal transfers are suspended until the state or the municipality regularize their default situation.

7.3 Programme implementation process

Key actors involved and their main responsibilities

PNAE began in the mid-1950s. For more than 40 years, PNAE operated in a highly centralized fashion following a coherent model established under the administrative standards of the dictatorial period in Brazil (1964–1985). Under this model, federal agencies (located in the centre of the country) supplied and distributed food to all state secretaries across the country, who were then responsible for redistributing it to state and municipal schools. This model proved inefficient and ineffective due to corruption. In fact, according to the Student Support Foundation (Fundação de Apoio ao Estudante or FAE) responsible for PNAE at that time, the main difficulties were: delay in the transfer of resources; discontinuity and interruption of food delivery; high operational costs; purchase of unsuitable products for school menu requirements; general non-satisfaction with the quality of goods; and reduced community participation in the implementation and management of the programme (MEC/FAE, 1995*c*).

The decentralized process, already present in the 1970s, became stronger in the democratic environment of the mid-1980s. FAE bureaucrats and technicians in favour of decentralization highlighted the following objectives: a guarantee of school meal regularity, menu adequacy to local characteristics, quality and diversity of food, and reduction of operational costs. Experiments were conducted between 1986 and 1989 with modest results, reflecting the resistance of those who supported the former centralized model. In 1993–1994, complex and radical measures were taken to redefine functions, and transfer decision-making power and management to subfederal agencies.[7] Despite delays, decentralization was successful, resulting in a five-component strategy: (i) the involvement and participation of key national actors;[8] (ii) rapid and conclusive abolition of centralized purchasing; (iii) neutralization of resistance and veto of Federal and state actors, as well as of supplier companies; (iv) adoption of a new bid

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7. According to these new rules, resources received by PNAE should be spent exclusively on food. States and municipalities should prepare the menu, buy the food, control the quality, hire adequate staff (nutritionists, cooks) and provide the required infrastructure (equipment and kitchen tools).

8. Essential support was received from the State Educational Secretaries Council (Conselho de Secretários Estaduais de Educação, CONSED), the Union of the Municipal Educational Managers (União de Dirigentes Municipais de Educação, UNDIME), and the Municipal Front of Mayors (Frente Municipalista de Prefeitos, FMP); and, in 1993, from the Campaign for the Fight Against Hunger.

system, allowing more companies to participate; and (v) empowerment of states and municipalities with more resources and capacity, gradually spreading to other states and municipalities (NEPP, 1996).

In line with the MEC and FNDE strategy, the decentralization of PNAE was implemented according to three different models (CEPAM, 1993):

- *Decentralization to states:* the state government (through the State Secretariat of Education) is the decentralized unit. It signs the agreement, receives and spends financial resources, and purchases and distributes food to its schools (and to the municipal schools of the state area if it has the authority to do so).
- *Decentralization to municipalities:* the municipal government is the decentralized unit. It signs the agreement, receives and spends financial resources, and purchases and distributes food to its schools (and to state schools in its area if it has the authority to do so).
- *Decentralization to schools:* the decentralized unit is the school. The state or the municipal government is the signatory, but the school is the executive unit. It receives the financial resources (from the municipal government, the state government, or directly from FNDE), purchases and prepares the food according to its menu priorities, and renders accounts to the municipal government, to the State Secretariat of Education, or to FNDE. This is also known as the 'school empowerment model'.

Although subject to legal disputes, outsourcing school meals takes place in some municipalities, which makes the supervision of food quality even more difficult. It should be noted that there is a market for school meals, consisting of numerous companies providing services to municipalities and schools. Meals can be prepared and delivered under different modalities: by the outsourcing company, at the company's headquarters, in a central pilot-kitchen, or in school canteens. This market generates about U$1 billion per year.

The various types of decentralization and the different trajectories of resource flows from FNDE down to PNAE's executive units are summarized in *Table 7.5*. Of the decentralization models, those in which the executive functions are the responsibility of states and municipalities (for the purchase and distribution of food) are the most prevalent, while the school empowerment model is applied only in one out of five municipalities. Nevertheless, this latter model seems to be

more prevalent in state capitals and larger municipalities, which account for half of all student enrolment in fundamental schools.[9]

Table 7.5   PNAE decentralization models

Decentralization models	Executive unit	How food arrives at the school
Federative decentralization (*estadualizaçao*) MEC/FNDE ➡ » state ⇨ state and municipal schools MEC/FNDE: signatory and executor	State	In kind
State decentralization MEC/FNDE ➡ » state ⇨ state schools State: signatory and executor	State	In kind
Municipalization MEC/FNDE ➡ state ➡ municipality ⇨ state and municipal schools State: signatory Municipality: signatory and executor	Municipal government	In kind
School empowerment MEC/FNDE ➡ state » state schools MEC/FNDE ➡ municipality » municipal schools State, municipality: signatory Scools: executor	School	In cash
Outsourced model MEC/FNDE ➡ state » private enterprise ⇨ state schools MEC/FNDE ➡ municipality » private enterprise ⇨ municipal schools State, municipality: signatory Private enterprise: executor	State and municipal government	In kind

➡ Signatory » Executor ⇨ Food distribution

Note: These different models can be combined; for instance, schools are responsible for the provision of perishable food, while the state or municipal governments are responsible for the provision of non-perishable food.

Cajuru's public education system has now 5,465 students enrolled in state and municipal schools, as shown in *Table 7.6*. In Sao Paulo and

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9.   In 1999, the acquisition of food was undertaken totally by state schools in Amapá, Bahia, Goiás, Mato Grosso do Sul, Minas Gerais, Paraíba, Rio Grande do Norte, Rio de Janeiro, and Tocantins, while the State of Ceara applied the school empowerment model whose presence increased from 53.44 per cent, in 1998, to 96.38 per cent, in 1999. Conversely, in Acre, Alagoas, Amazonas, Espírito Santo, Mato Grosso, Pará, Paraná, Pernambuco, Roraima, Rio Grande do Sul, Santa Catarina, Sergipe, and São Paulo, the provisions were centralized with the state government and, afterwards, were distributed to schools (TCU, 1999).

Cajuru, the municipalization of education is recent. A few decades ago, the municipality was only responsible for rural primary schools. These schools have decreased over time, as the municipality enlarged the school transportation system to allow rural students to study in urban schools. In response to state and (since 1996) federal incentives, municipalities have become responsible for a significant part of fundamental education enrolment. Efforts to improve education in Cajuru are also recent. Over the last few decades, access to primary education has been universalized, but repetition and school dropout were common. After the municipalization of primary schools, municipal authorities embraced a fierce commitment to provide universal and good quality education.[10] As an indicator of these efforts, R$12 million (equivalent to 36.3 per cent of the R$33 million budget of 2010), went to education, well above the 25 per cent required by law.

Table 7.6   Cajuru public, municipal, and state schools (2011)

Levels	Municipal schools	State schools	Total
Preschool	499	-	499
Infant school (crèche)	510	-	510
Elementary school	2 099	1 260	3 359
Secondary school	-	872	872
Adult education (EJA)	34	185	219
Special education	6	-	6
Total	3 148	2 317	5 465

Source: Municipal Secretary of Education, Cajuru.

Results of these efforts soon followed. In 2010, six out of eight Cajuru public schools were ranked among the best according to national

10. Among the main measures introduced by Cajuru mayor's administration (2005–2008, 2009–2012) were: an increase of municipal resources for education; new contracts with firms specialized in training teachers, creating curricula, and teaching didactic material; the expansion of the school planning period; hiring teachers and principals exclusively through public competition; granting of material and non-material incentives to teachers, including significant wage increases; investment in infrastructure; improvements in school management and in the municipal education secretary; systematic use of opportunities offered to local school systems by both the MEC and the State Department of Education; and overcoming provincialism in dealing with local education, through promotion and participation in regional forums and state education forum, etc. Students received tutoring through Centers for Students Services, and were given suggestions for activities in which to participate together with their parents. A leading investment was the construction of a cinema in each school, for both recreation and educational purposes.

averages of the development index of basic education (IDEB).[11] According to the index by schools, the municipal school A.E.D was ranked first nationwide with a score of 9 out of 10, followed by municipal school A.R. and municipal school B.D.B., both with scores of 8.6. Cajuru municipal schools also held the fifth, ninth, and twelfth places. The schools, which in 2007 received scores between 6.3 and 7.9, averaged a rank above 8 in 2009, with the first place moving from 7.2 to 9. This ranking meant, for many, that the city had experienced a real educational revolution. It also brought incentives for local principals and teachers to keep and improve their performance. The improvements were widely reported in the national press and many experts began to highlight the good practices and models of Cajuru municipal schools. The mayor of Cajuru stated: 'The secret of this success is the continued high investment in education. Investment in education is a state policy for our city!'

Major steps undertaken to implement PNAE in Cajuru

When budgeting for the coming year, the City Council calculates the resources to be received from the Federal and state governments, using the total number of students and their distribution by state and municipal schools as a basis. It also contributes its own funds to the School Feeding Programme. Food purchases are made online by e-bids at all stages of the process until the final selection of the winner. E-bidding is an open process that streamlines bidding steps, and minimizes costs to public administration. In general, the selected proposal is that which proposes the lowest price. Depending on the type of food, competitors must submit samples of their products. The steps of the electronic bidding are as follows.

Step 1. Preliminary operations

As mentioned in an interview with one of the nutritionists,

> the guarantee of good electronic auctions is the competence with which the bid notice is prepared, the correct detailing of each product, the indicators of caloric and protein values, or the ingredients they may contain. As the legislation requires the selection by lowest price, only a very well done bid notice can prevent that low quality products are chosen.

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11. IDEB is an index that expresses the quality of education in each school, as measured by indicators of learning. It is calculated on the basis of academic performance rate and average performance on standardized tests used by the MEC.

The nutritionist and the financial expert of the municipal government prepare the terms of the bid notice. They share responsibilities as follows: elaboration of weekly menus (nutritionist); calculation of quantities to be purchased (financial expert); composition and quality of food to be purchased (nutritionist); examination of historical series of prices and estimation of resources available for spending (financial expert); and elaboration of the bid notice.

Step 2. Disclosure of the bid notice and registration of proposals

Once the bid notice is disclosed at the municipal government, the e-bidding officially begins. The document indicates the deadline for the receipt of proposals, as well as the date and hour of the auction's closing. Until the deadline, qualified providers electronically register the proposals.[12]

Step 3. The auction (virtual or in person)

On the scheduled date, proposals are open and classified. Then, virtually or in person, the following operations are performed: in person or in the virtual bidding room, the bidding session is opened and the bidders submit the proposals with the auctioneer coordinating the entire process. Bidders describe their intended use of resources and, if desired, can change their proposals. The auctioneer and support staff conduct the judging in relation to appeals filed by bidders. The auctioneer awards a public supply contract to the winning bidder.

It is worth mentioning that 30 per cent of PNAE resources must be spent on purchases from local producers. In Cajuru, not all farmers can benefit from this special arrangement as some lack the legal documentation required. This is most often the case with vegetable suppliers. In general, vegetables and fruit are provided locally and arrive fresh in the schools, as is required by the bid notice. However, in Cajuru, only one producer has managed to qualify by obtaining all necessary documentation, making him the sole competitor; consequently, he always wins.

Step 4. Ratification of the bid winner

The Mayor awards a public contract to the bid winner and the result is posted on the Internet. The electronic auction is a powerful mechanism

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12. At all stages of the electronic bidding system, the user must log in to access the restricted area of the suppliers. As a result, only authorized users can participate.

that provides transparency and accountability on the part of the municipal administration. Certainly, it does not completely eliminate fraud. In fact, according to the Court of Audit, despite public bidding, some irregularities (e.g. overpricing and previous deals made by bidders) are still present. But undoubtedly its introduction has increased the credibility of all the processes involved. Through this system, it was also possible to significantly reduce the cost of goods. As stated by the President of the Cajuru Municipal Commission of Bidding:

> In the first year of the current administration, we still used the traditional forms of bid. Comparing with that one, it is fantastic the cost savings we achieved with the introduction of electronic bidding for purchases of school meals: 30 per cent reduction in spending! With those resources saved, it was possible to buy more and better food.

General features of PNAE implementation in Cajuru

In Cajuru, the Mayor introduced additional specific principles to be observed when distributing meals to students, including: there should be no food limit per student, except in cases of obesity which demand parental consent; meals served must be freshly prepared, those prepared in advance, or for a previous lunch, may not be served; soup cannot be served as it is not considered to be nutritious; and in-kind food (bread produced in bakeries and soy milk produced in processors belonging to the municipality) is distributed together with the school meals, and also at the arrival of rural students in urban schools.

Distribution and storage

Upon its reception, the food purchased must be distributed proportionally to schools. The proper storage of food is a crucial point for food quality. Each of the schools in Cajuru has a specific suitable storage location: a shelf for dry food, and a freezer and refrigerator for perishable food. Checking expiration dates is also imperative. Upon arrival of the purchased food, city officials first check the periods of validity. In schools, both the cooks and the principal continually inspect expiration dates. On visiting two municipal schools, it was verified that besides having an adequate location and equipment for storage, the staff took good care to adhere to the validity dates of the food.

Meal preparation

In each school, meals are prepared according to the nutritionist's menu. They must be diverse and balanced, containing the recommended

daily calorie and protein needs of students, as stipulated in PNAE rules. As mentioned previously, the cooks are trained and assisted by a nutritionist. The interviews with the nutritionist and the cooks revealed that training included not only cooking lessons and proper sanitary and cleaning methods, concerning both the physical space and the food itself, but also personal hygiene.

Feeding the students

Meals are served three times a day in municipal schools. As witnessed by the author, the food always seemed of a suitable quality and smelled pleasant. After washing their hands, students went to the dining hall where a large table was set with pans of food, served by two or three cooks. Students lined up, plate in hand, and were served. Then they sat at the tables to eat. Those who wanted more were served for a second time. A second dessert line was then formed. Dessert usually consisted of fruit, fruit salad, or pastries. Principals and teachers were usually present and, after the meal, the staff began cleaning the dining hall and kitchen almost immediately.

7.4 Transparency and accountability mechanisms

Bidding rules, use of an electronic auction, control and auditing systems, and social mobilization are the key pillars of transparency of PNAE.

Bidding rules for food purchases in PNAE

All the public bodies involved in the process of buying food for PNAE must comply with the general bid legislation and with the criteria and procedures established by it, as indicated below:

- Direct purchase (waiver of the bidding) for amounts up to R$8,000.00 (about US$4,264.85).
- Invitation letter for amounts from R$8,000.00 to R$80,000.00 (from US$4,264.85 to US$42,648.47). The disclosure of bid notice is made at least 15 days prior to the date of the scheduled bid. Whoever proposes the lowest price and meets the required specifications is chosen as the winner.
- Invitation letters to at least three stakeholders in the domain of the bid object, sent by the executive unit for amounts from R$80,000.00 to R$650,000.00 (from US$42,648.47 to US$346,518.82).
- Open competition for amounts over R$650,000.00 (about US$346,518.82). Bidders need to demonstrate that they have the minimum qualifications required by the bid notice to participate.

The disclosure of the bid notice is made at least 30 days prior to the date of the scheduled bid. Whoever proposes the lowest price and meets the required specifications is chosen as the winner.

Use of electronic auctions

Some public authorities have invested in information technology to allow for procurement processes, ultimately reducing costs both by increasing competition (since a larger number of companies become aware of business opportunities) and by decreasing the amount of paper used in public administration. Information technology also enables the tracking of spending by the public through the Internet, which makes the process more transparent and permits greater social control. Announcements for the acquisition of goods and services are displayed via the Internet and providers can offer their initial proposals in accordance with the time and date specified in the bid notice. At a specified time, bids are opened and the herald and supplier representatives enter a virtual room. Then, starting from the lowest price quoted in the original proposals, vendors will offer successive moves, decreasing amounts in real time, until a winner is proclaimed (the one who submitted the lowest bid), at which point the system announces the end of the bidding session.

According to auditors, the use of the electronic auction does not fully eradicate fraud. However, it allows for a more transparent process since the disclosure of the bid notice is posted on the Internet. Moreover, the process makes public the types and quality of products purchased to be consumed by the students. Resources for the lunches (both those received from transfers from the Federal and state governments and those that come from the municipal government) are also made public as they are included in the municipal budget approved by municipal government. That being said, there is room for further transparency, especially regarding the disclosure of programme resources and the dissemination of information to students and parents about the menus.

Control and audit mechanisms

Over the years, PNAE has faced systemic problems of mismanagement, embezzlement of funds, and corruption. These problems were even more prevalent when the programme was centralized and food was purchased in Brasilia and then distributed to municipalities throughout the country. Decentralization tended to reduce such problems; however, they have not been completely eliminated. At the same time, the creation and implementation of supervision, control, and audit mechanisms

has contributed greatly to the reduction of corruption. A synthesis of PNAE's annual financial accounts must be submitted to FNDE by 28 February of the year subsequent to the transfer. The Secretary of Education of the state or municipality must send the finances to the respective CAE before 15 January. After reviewing the documentation, CAE refers it to FNDE with comments. If CAE does not approve the accounts, FNDE evaluates the documents submitted and, if agreeing with the comments, initiates a taking of special accounts[13] and the transfer is suspended. As shown in *Figure 7.1*, at federal level PNAE is submitted to the public spending control system. At state and municipal levels, it is also submitted to regular public control system functions of each controlling entity, described hereafter.

At the federal level, the Brazilian Court of Audit (TCU) is an autonomous body whose function is to assist Congress in the exercise of external control of public accounts.[14] It is an administrative tribunal that judges the accounts of administrators and others responsible for public monies and property values, as well as the account of any person that provokes loss, misplacement, or other irregularity resulting in losses to the exchequer. TCU receives both complaints and requests made by the Federal Public Prosecutor (MP) or other entities,[15] and opens investigations on its own initiative. TCU members must audit all state and municipal accounts of PNAE and other federal funds transferred to subnational entities. TCU also mobilizes civil associations in order to support CAE in its controlling function.

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13. Taking of special accounts is a particular process that aims to restore the values corresponding to debts arising from loss, misplacement, or other irregularities resulting in damage to public funds.

14. The constitutional powers of the Court are as follows: evaluate the annual accounts of the President; judge the accounts of administrators and others responsible for monies, goods, and public values to assess the legality of admission of personnel and the value of salaries and pensions; conduct inspections and audits on its own initiative or at the request of Congress; oversee the national accounts of supranational companies; monitor the implementation of federal funds transferred to the states, the Federal District, and municipalities; provide information to Congress on audits carried out; apply sanctions and determine the correction of irregularities and illegalities in acts and contracts; stop the execution of the impugned act, communicating the decision to the House of Representatives and the Senate; issue a conclusive statement, at the request of the Permanent Joint Commission of Senators and Representatives, on expenditures made without authorization; investigate complaints from citizens, political parties, associations, or unions about irregularities or illegalities in the application of federal funds; set the coefficients of the funds in the states, Federal District, and municipalities; and oversee the delivery of funds to state governments and municipalities.

15. TCU accepts complaints from the Federal Public Prosecutor; internal control bodies, senators, congressmen, judges, civil servants, courts of accounts and municipal councils; audit/inspection teams, and technical units of the Court.

Figure 7.1   PNAE: Control system of public spending
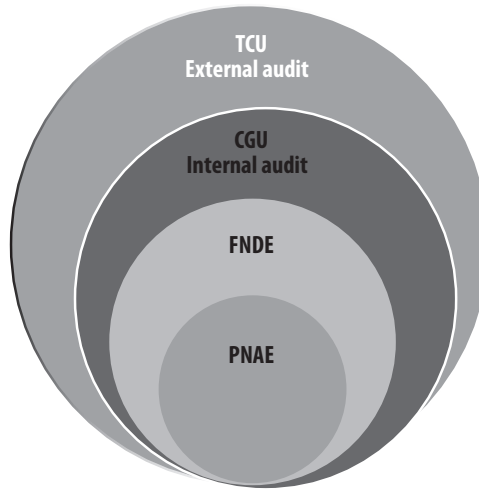
The General Comptroller of Union (CGU) is another federal agency responsible for the protection of public property and money. Its federal Secretariat for Internal Control is responsible for assessing the implementation of federal budgets, overseeing the implementation of government programmes, and auditing public resources management, under the responsibility of federal agencies and public and private entities. It gathers data from surveys sent electronically to public managers, CAE members, and ordinary citizens. Annual audits of sampled municipalities are also used.

FNDE is responsible for the funding, management, and supervision of all the MEC programmes supporting basic education in Brazil, including PNAE.[16] It fulfils the following functions: (i) it establishes the operating rules of PNAE; (ii) it identifies the number of students in each school and calculates the amount of resources to be annually transferred to each school and to all the schools of each executing unit (states, municipalities, or schools); (iii) it transfers the resources to each executing unit; (iv) through CECANES (collaborating centres in school food and nutrition) it trains and provides technical and operational

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16. Besides PNDE, FNDE also manages the programmes School Library, Professionalized Brazil, Caminhos para Escola, Direct Money to School, National Textbook Programme, Action Plan Linkage, Proinfância, and Transportation School. In addition to conducting these programmes, FNDE is also responsible for forwarding the Maintenance and Development Fund for Basic Education and Validation of Education Professionals (*Fundeb*) to the states.

support to local technicians involved in PNAE in partnership with nine federal public universities; (v) it monitors the operation of PNAE across the country through the national school food monitoring system, and the electronic interactive system for online registration of programme activities by local executors; (vi) it receives and audits the annual accounts sent by CAEs; and finally (vii) it collaborates with external control organs and performs, in partnership with the MP, special audits on suspicious accounts.

The CAE is a local, autonomous, deliberate and mandatory council, designed to supervise the use of resources and their quality, as well as sanitary meal conditions. It is composed of seven members, with a four-year mandate, as follows: one representative of the Legislative Government; one representative of the Executive Government; two teacher representatives (nominated by the teacher's union); two parent representatives (nominated by the school council, parent and teacher association, or similar entities); and one civil society representative (nominated by local councils) (MEC/FAE, 1995*b*).

CAE functions are: (i) to monitor the implementation of federal funds; (ii) to track and monitor, at all levels, the procurement of programme goods; (iii) to ensure quality products until their arrival at schools; (iv) to receive and analyse the accounting records of PNAE sent by executing units and to send the conclusive synthetic annual statement to FNDE; (v) to make public the resource amount transferred to the executing unit; (vi) to advise on the storage of foodstuffs at the executing unit and/or schools; (vii) to monitor the preparation of the menus, keeping in mind local production and customs; (viii) to monitor the physical and financial implementation of the programme; (ix) to report foodstuffs irregularities to the executing unit, such as expired or damaged goods, but also misuse, fraud, and so on, so that appropriate action can be taken; and (x) to report any irregularities identified in the implementation of PNAE to FNDE, the Comptroller General's Office, the MP, and the Court of Audit. The CAE is very active in Cajuru. It convenes usually every two months for a routine examination of the issues surrounding school meals, and again in January to examine the programme's accounts. After this review, CAE delivers a conclusive appraisal, signed by all CAE members, that is then submitted to FNDE by 28 February.

Each year in January, municipal officers review PNAE's financial accounts for each participating school under their jurisdiction. Their financial statements are then forwarded to CAE for its consideration,

signature, and submission to FNDE (by February) and the State of Sao Paulo's control entities. So far, Cajuru has not encountered any problems with its PNAE accounts. The Court of Audit sends annually two or three technicians who take almost a week to examine the procedures and all municipal accounts, including those of the electronic audit, for food purchases. The 2011 administration found no issue with Cajuru's accounts.

Finally, the Federal Council of Nutritionists is responsible for professional regulation, reinforcing the importance of professional performance. And the state and municipal health secretaries are responsible for the sanitary conditions of PNAE.

Information and social knowledge of the programme

Following democratization of the country and the new Constitution of 1988, national, state, and municipal councils were institutionalized under the new Brazilian regulations. Local councils have been designed as a means for societal involvement in monitoring the implementation of social programmes (Draibe, 1998*b*). Besides national councils, state and municipal councils are mandatory in the areas of health, social assistance, education, school lunch programmes, children and adolescents' rights, rural development, and work. In 2003, approximately 36,000 municipal councils were identified in these areas (Barbosa and Jaccoud, 2003). In 2010, FNDE in partnership with TCU created a distance course, offered initially to 670 municipalities and the board of CAE, to encourage citizen participation in social control of the Federal Government's actions regarding public education. The strong links between CAE, the school, parent and teacher associations, and other civil society organizations certainly benefits PNAE in Cajuru.

However, there is no automatic release of PNAE programme information to organizations or entities related to the programme, nor is there any disclosure of the amount of transferred resources, as is recommended by PNAE's legislation. The amount of transfers and the total resources available for the School Feeding Programme can be found in the municipal budget submitted and approved by the City Council. In addition, in Cajuru, even people not directly involved with the programme seem to have a good knowledge of its existence, typically through word of mouth. In casual conversations with people in town, many people were heard praising the quality of school meals, even those

who did not have school-age children. Parental knowledge about school lunches, such as the types of foods served, their quality, and taste seem to have come only from reports from their own children. Weekly menus are posted throughout the schools, even though non-disclosure of the weekly menus seems to be common in the programme throughout the entire country. Mothers interviewed said that having the information provided especially for them was not necessary and that accounts from their children were sufficient.

Students (six) and mothers (six) interviewed were unanimous in their opinions that the food was of good quality, stressing the fact that red meat was served daily, and they also praised the education about food that their children received in school.

> My son eats better here than at home. In my house, there is no meat every day, here there is.

said one mother in an interview. All six students interviewed said they liked many of the meals and had difficulty identifying which they liked least. Chopped meat with potatoes and vegetables, chicken, and fruits were among the favourites. Two of the mothers interviewed also had children studying at a state school. They commented that the lunches served in municipal schools were better than those served in state schools. The nutritionist and a member of CAE were unsure why this would be the case, as the cook at the state school was considered to be well trained and experienced.

7.5 Analysis of how programme variables influenced transparency

PNAE is an important and successful food programme, with significant impact on the poorest children. In an evaluation (1996), it was noted that the school meal was the most important meal of the day for about 42 per cent of primary school students. (For more details on the impact of PNAE according to the interviews conducted in Cajuru, see *Box 7.1.*) This result is significant, as Brazilian public fundamental schools cover nearly 90 per cent of enrolments at this level. However, PNAE is not only a programme to fight poverty. All willing students can receive a meal and there is no stigma attached to receiving a free, subsidized meal. PNAE does not exclude any group of students, schools, or regions.

Box 7.1   Impact of Brazil's National School Feeding Programme

There is no solid evidence that a universal and established programme such as PNAE produces strong incentives for enrolment and school attendance. Opinion polls conducted over the years have shown that education is shared as a universal value in Brazilian society. Parents usually enrol their children in school (98.8 per cent of children between ages 6–7 are enrolled in primary school, according to national education statistics). It is unlikely that parents would stop enrolling their children if the school did not offer school lunch. Packing a lunch to take to school is common in private schools, a social habit that theoretically could also be transposed to public schools if there were no school feeding programme.

School lunch seems to be an intrinsic part of school activity according to the perceptions and expectations of parents and students captured through interviews. Well-prepared school meals, which are well received by students and parents, could in rare cases operate as an incentive for enrolment and attendance in some of the schools where they are offered. Moreover, supplying high-quality school meals usually leads to other measures for improving educational quality. This set of improvements, not just one particular programme alone, can operate as a strong incentive for student enrolment.

In Cajuru, the demand to attend municipal public schools tended to increase significantly with improved quality of education. School lunches, even those of good quality, did not guarantee good student performance. But, if considered as an indirect incentive accompanied by other improvements to overall education quality, there seems to be a correlation with improved school performance. As observed in one schools, there is a true sense of community and cohesion among students, teachers, staff, and the principal. This could be in part due to the school's first-place ranking in IDEB, which may have helped to strengthen pre-existing interpersonal bonds.

In Cajuru municipal schools, the School Feeding Programme is evaluated in terms of its nutritional impact. This evaluation was designed and is being developed by nutritionists and researchers' assistants, who closely follow the daily meals, weigh and measure students, and so on. There were no results available at the time of publication. However, both doctors and other citizens pointed out that, because of the high quality of the school lunch, there was an approximately 30 per cent reduction in the hospitalization of children. Though not based on any scientific research, it is without a doubt an important observation.

Finally, since part of PNAE's food purchases must be locally produced, it incentivizes local development, and guarantees that the food served is fresh. However, rural, small producers sometimes find it difficult to meet the bureaucratic requirements to qualify for the electronic auction, which would make them eligible suppliers for PNAE.

If any bias can be found, it would take the form of inclusion bias, as many teachers and school officials, and possibly other persons, eat the school lunch. According to the national survey coordinated in 1996, it seemed to be relatively common practice that groups of poor people would go to the school at the end of the day to receive the leftover part of the lunch. Also, it is not uncommon for members of the school,

including teachers, to eat the meals usually due to lack of time to return home specially to have lunch. Such procedures are not legal; however the alternative – throwing away the remains of the meal – is viewed as much worse, as many parents and school officials stated. In the schools visited in Cajuru, teachers and staff were not seen eating with students. Regarding inclusion bias, there are surely differences among schools and municipalities, but those differences depend more on the social and institutional context than on programme design (Draibe, 1998*a*, 1999).

Decentralization has contributed to considerably improving PNAE's effectiveness, transparency, accountability, and the reduction of corruption (Valente da Silva, 2009). The positive results of decentralization were extensively cited in PNAE's evaluation in the mid-1990s (Belik, Chaim, and Weis, 2004; NEPP, 1996; Penatti Pipitone *et al.*, 2003; Sturion, 2002; Turpin, 2008). In general, these studies highlight the following positive aspects of PNAE decentralization: greater transparency of programme operations; more effective social controls by CAE, political leadership, and local population; reduction of fraud and expansion of mediums to manage complaints; menus more appropriate to local patterns of consumption; and incentives for local production of perishable products. As noted by Belik, Chaim, and Weis, (2004):

> The decentralized management of school meals was a great breakout in this Programme, once it allowed to organize the logistics and to distribute costs of food, besides it made possible to offer a meal adequate considering the many different food local habits of the country. The decentralized purchase also make feasible to include the small companies, local market, small local agricultural producers and cattle breeders in this institutional business.

Obviously, decentralization by itself did not account for all improvements in transparency and accountability of PNAE and other similar programmes. In Brazil, decentralization occurred in a democratic environment, which was also a crucial factor in the effectiveness of administrative and social controls. In the case of PNAE, the decentralization and democratic environment, as conditions for greater accountability and transparency, are reinforced by the commitment of the higher organs of control to facilitate inspection and social control. For example, in 2008, TCU produced a guidebook on how PNAE should operate, which was widely distributed to CAE counsellors. In addition to reinforcing the importance of CAE and the activities of its members, the guidebook provides information on PNAE's design and

operations, as well as its composition and role. It gives details about the bidding process and purchase of food; and information about the analysis and evaluation of accounts, and the preparation of the final evaluation document (Draibe, 1998*b*). At the end of the first phase, TCU found many positive results arising from this effort: high demand for the guidebooks; decrease in new cases of irregularities regarding PNAE referred to TCU; and increase in the number of complaints received by the TCU's Ombudsman hotline.

CGU mobilizes and empowers citizens through CAEs so that they can participate in PNAE management, both by controlling public expenditure and by suggesting measures that truly serve the public's interest. One of the instruments offered by CGU is a questionnaire prepared in a simple and easy language to enable anyone to understand and verify the correct and regular use of Federal funds transferred to the municipality (see *Box 7.2*).

Box 7.2   CGU-PNAE's questionnaire for social control

Check the invoices of PNAE's purchases of this year and last year and answer the following questions:

- Was the money spent only on food?
- Are food prices close to those surveyed at the market?
- Are participating companies located at the address listed?
- Do all companies involved in the process sell food?
- Is the menu used in schools prepared by a nutritionist?
- Did you miss lunch some time in the year? If yes, what were the reasons?
- Did the products described on the invoices obtained from the city correspond to what was received by schools?
- Did the amounts listed in the invoices sent by the municipalities correspond to the products received by the schools for lunch?
- How would you describe the food storage conditions?
- Does CAE effectively monitor the use and supply of resources used for school meals?

Source: CGU, retrieved from:
www.cgu.gov.br/olhovivo/Recursos/Questionarios/arquivos/pnae.pdf

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Despite the system of controls and the social control exercised by CAE, the process of PNAE's decentralization, in its various forms, has faced and still faces various challenges. In 2006, more than ten years after the beginning of the decentralization process, a CGU audit carried out in 199 municipalities and 1,302 schools found positive indicators regarding the continuity of programme provisions and the correct

preparation of meals. But, it also found problems in bidding in more than half of municipalities and unsatisfactory CAE participation in PNAE's operations. *Box 7.3* displays PNAE's major faults as identified by CGU.

Box 7.3   Major faults found in PNAE implementation by CGU

Consolidated data from the 2006 audits of 199 municipalities and 1,302 schools showed the following results:

- 89.55 per cent of schools said that food was served to students each school day, compared with 6.61 per cent that indicated a lack of supply as the main reason for the delay in distribution of food by municipalities.
- In 82.95 per cent of schools, the meals were prepared according to regulations.
- In 17.82 per cent of the schools, improper storage of food was found.
- In 14.07 per cent of schools, the menu was not prepared by a nutritionist.
- In 55.28 per cent of municipalities, problems were found regarding bidding or payment processes relating to the acquisition of food; and 26.64 per cent had irregularities involving, among other things, manipulation of tenders/pricing and/or fraud.

Regarding CAE:

- CAE did not exist in 6.53 per cent of the municipalities audited.
- In 55.78 per cent of municipalities, the composition of CAEs did not follow PNAE regulations.
- 7.04 per cent of municipalities could not prove that they had held meetings.
- 64.05 per cent did not supervise the bidding process.
- 41.09 per cent did not participate in the process of choosing the composition of the school lunch menu.
- 45.05 per cent did not actively check the type and amount of food delivered to schools.
- 31.66 per cent had never visited the food storage places.
- 36.10 per cent of schools had no knowledge of the tasks of CAE.
- 68.32 per cent were not disclosing funds received by the executor unit.
- 32.87 per cent did not have the infrastructure to carry out their activities.

Source: CGU, retrieved from:
    www.cgu.gov.br/olhovivo/Recursos/Questionarios/arquivos/pnae.pdf

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7.6 Indication of best practices

PNAE best practices are encouraged by FNDE through an annual award (the Prêmio Gestor Eficiente da Merenda Escolar), which is given to municipalities recognized for their outstanding achievement

and effective management of the programme.[17] The award identifies the municipality that creatively and responsibly executes the aims of PNAE, while also disseminating their implementation practices to other municipalities so that they too can adopt them.[18] In recent years, more than 1,000 municipalities have signed up for this award. Winning municipalities are published in the textbook series *Gostosa de ler e boas paracopiar*, which is disseminated among municipalities.[19]

The 2009 and 2010 records of winners show the following types of innovations and good practices: diversification of school lunch menus; timetable of products by season; clearer definition of cooks' job description; measures of appreciation for the cooks; presence of a cook in CAE; better regular training of cooks; accommodating students from rural areas who wake up too early to eat breakfast prior to leaving for school; implementation of municipal horticultural gardens; creation of training activities for small-scale farmers and their children; inclusion of the subject of nutrition in the curriculum; nutrition education projects for students and parents; organization of street fairs; encouragement of schools and cooks through annual awards; and nutritional assessment of students, in partnership with a university.

The adoption of these practices in all municipalities could greatly improve PNAE's implementation. Small farmers tend to have difficulty with systematically providing food for school lunches, something that can be solved by implementing some of the measures listed above. Creating cooperatives, training, balancing seasonal planting, personnel appreciation, and so on, are indeed fairly simple measures to incorporate.

7.7 Conclusions and recommendations

PNAE is well defined in terms of its legislation and has the legal tools in place to promote transparency and accountability. Since its inception, universality and equity are two programme characteristics that have helped to prevent shortages, discrimination, deviations, and even high costs. Once the meal is prepared, it is made equally available to all students (except to those with specific dietary restrictions) who desire it, something that can be easily verified by parents and the community by visiting the school during lunchtime. There was no evidence of complaints concerning the programme's universality or equity during

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17. For more details, see: www.premiomerenda.org.br.
18. There are 21 award categories. For each region of Brazil, four municipalities receive prizes.
19. For more details, see: www.acaofomezero.org.br/midiateca/Paginas/publicacoesafz.aspx.

the course of this work. Moreover, decentralization helped to strengthen the programme's continuity. Cases of a total absence of a school lunch were rarely reported, which had previously been common (in the past, transportation problems resulted in product delivery issues). Now, any delivery problems can be promptly reported to CAE and the municipalities. In addition, the implementation of the e-bidding system allows for long-term contracts with suppliers, ensuring the monthly delivery of products.

But despite all these improvements, two major issues require close and careful consideration. First, CAE meetings are still few, and periodic visits to school are always made by the same civil society representative. This does not affect PNAE implementation in a small city like Cajuru, where parents may personally know the local member doing the visits. It is also extremely difficult for CAE to assess the accounts, because it does not have any specialized financial staff among its members, or an accountant who could help the council in this regard. Because of this, a superficial analysis and approval of the accounts are often performed. However, in Cajuru again, this does not seem to be a problem, since the accounts are systematically approved by FNDE. But more broadly, in order to improve social control, it appears necessary not only to stimulate CAE participation, but also to train its members in specific fields (like finance), taking advantage of the opportunities offered by FNDE.

Second, the predominance of the decentralization model in which the state or the municipality send in-kind food to schools deserves some consideration. This model offers some advantages to the school and contributes to the programme's effectiveness, mainly because it does not overload the school with the bureaucratic and management issues implied in the processes of bidding, purchasing of food, and rendering of accounts. Many principals in the country, including those in Cajuru, use this reason to 'municipalize' PNAE execution, purchases, and accounts. According to some of them, bidding and purchasing food should not be the responsibility of the school, as this would take time away from main school issues. In addition, when the state or municipality makes purchases, PNAE can spend resources more efficiently (e.g. buying in bulk at a lower cost). However, the authorities (Federal, state, and municipal) tend to encourage the school empowerment model. For many experts, the decentralization process of PNAE should move in this direction. Of course, problems of transparency and accountability could still persist, but school autonomy would be enhanced, especially in relation to state and municipal authorities, as well as the market.

Which of the two models, that is, delivery of in-kind food to schools or purchase of food by the school, contributes most to PNAE's transparency and accountability? The evidence available does not lead to a decisive answer. There are both pros and cons for the centralized and decentralization models. Given the heterogeneity of Brazilian schools, perhaps there is not a single answer and one model may be more suitable in certain circumstances. For example, municipalization may work better in small and medium-sized cities, while the school empowerment model may appear more suitable for larger cities.

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Chapter 8
Juntos programme, Peru

Eliana Villar Márquez

Social protection mechanisms are increasingly seen as an important policy tool to tackle poverty, vulnerability, and social exclusion. Within the broad field of social protection, cash transfers are instruments that attract much interest and attention and have been pioneered particularly in Latin America. Peru has followed the examples of Brazil, Chile, Mexico, and Nicaragua in launching its first conditional cash transfer (CCT) programme, Juntos ('Together'), in 2005 (Jones, Vargas, and Villar, 2008). A recent study carried out by Holmes *et al.* in 2010, on the gendered risks and vulnerabilities of CCTs, points out that these programmes tend to have four features in common: (i) the adoption of a targeting mechanism; (ii) cash benefit; (iii) compliance with some requirements (conditionalities or co-responsibilities); and (iv) a double objective to alleviate poverty in the short run through cash transfers, and to prevent the intergenerational transmission of poverty in the long term through investments in human capital dimensions (education, health, and nutrition) and, in some cases, also in social capital. Despite sharing these characteristics, CCTs differ in how they are actually implemented, the importance attached to each of the objectives, and the ways in which they are linked with broader social protection and social policies.

Brazil's Bolsa Familia, part of the government's welfare programme 'Zero Hunger', was created in October 2003, consolidating pre-existing programmes for education, health, and energy. By 2009, the programme had reached 12.5 million beneficiary families. Bolsa Familia targets households based on self-reported income, transferring a maximum of US$112 to families conditional on children's schooling and family members' utilization of healthcare services. In Colombia, the CCT programme (called the Juntos network) was established in 2006, bringing together line ministries and social programmes to create an integrated social protection network. Familias en Accion, created in 2001, was the precursor of the Juntos social protection network, and in 2009, was transferring money to 2.9 million families, including households displaced by political violence. Conditionalities attached to receipt of the benefit focus on education and health. Chile Solidario is the country's social protection system, which takes an integrated approach to eradicate extreme poverty through interventions under

three main areas: psychosocial support (family support), monetary transfers, and priority access to social programmes. The programme was created in 2002, and by 2009 had benefited over 300,000 households.

Some other studies on cash transfer programmes in Latin America (Villatoro, 2007), which analyse the cases of Brazil, Nicaragua, Ecuador, Mexico, Colombia, and Honduras, demonstrate a moderate impact on enrolment and attendance in schools; however, there is not much evidence to demonstrate an improvement in school performance. According to Villatoro, CCT programmes face common challenges in several countries in Latin America in which they are being implemented. As they share a similar design, it is crucial to carry out a better ex-ante analysis of the problems to be solved. Problems occur due to the tension created by the multiple objectives established by these programmes, which have negatively affected their efficiency and impact. In the case of the Juntos programme in Peru, most studies have focused on analysing the design and efficiency of the programme and have attempted to assess improvements in the provision of education and health (two of the core programme domains). It should be noted that no study specifically focuses on analysing transparency mechanisms as a key issue.

The preparation of this Peru case study included a period of fieldwork carried out during the third week of March 2011 in the northern coastal region of Piura, more precisely, in two districts: La Arena and Cura Mori.[1] These districts are considered extremely poor semi-rural areas located about 20 to 30 minutes by car from the capital city of Piura. In the case of the department of Piura, 16 districts – including La Arena and Cura Mori – were included in the programme in May 2007. The Ministry of Education (MINEDU) in Peru has an office (Programme Juntos, Sub-system MINEDU) in charge of enforcing the responsibilities of the programme covering 547 of the 638 districts in which Juntos is being implemented. Cura Mori and La Arena are not among the districts covered by this office.

The selected interviewees included local authorities in education in Piura, more precisely the Regional Direction of Education (DRE) and the Local Management Unit of Education (UGEL) in charge of 1,162 schools. The case study is heavily based on information provided by interviewees, the Juntos programme documents, and available

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1. In Piura, 66.5 per cent of the population is poor, which is above the 52.2 per cent at the national level (MINEDU, 2003–2004). According to official data (Juntos), in the districts of Cura Mori and La Arena in Piura, there were 1,447 and 2,201 families respectively, receiving the cash transfer in February 2009.

studies and evaluation reports cited in the *References*. The pool of interviewees consisted of: government officials in charge of the Juntos programme, local programme promoters (called *gestoras*), public school principals and teachers whose students were beneficiaries of Juntos, student programme participants – boys and girls from 8 to 12 years of age, parents (mostly mothers) who directly received the cash transfer, and education authorities at the local and national levels.

This report is based on interviews with nine mothers, one father, four principals, five teachers, and 14 children between the ages 8 and 12 years, all of whom live in Cura Mori or La Arena in Piura. In addition, interviews were carried out with three local authorities in education, four local authorities of Juntos in Piura, and one independent consultant. At the national level, two public officers in Juntos and three people in MINEDU were interviewed. All interviews (except for one held simultaneously with three people from the MINEDU) (a total of 46) were recorded with the consent of the interviewees. The study followed a methodology that included a set of questionnaires provided by IIEP that systematically covered a range of topics, such as design, targeting, implementation, and transparency and accountability mechanisms from the point of view of different key stakeholders involved.

8.1 Description of Juntos

Objectives of the programme

Juntos has two broad objectives: in the short term, to reduce poverty by providing households with cash transfers; and in the long term, to break the intergenerational transmission of poverty through the promotion of human capital via improved access to education (aimed at increasing primary school attendance, decreasing the drop-out rate, and decreasing child labour) and health services (aimed at decreasing infant and child malnutrition; decreasing infant and mother mortality; decreasing the child, infant, prenatal, and postnatal morbidity rate; and increasing the percentage of births with medical assistance).

Target population

The Ministry of Economy and Finance established five criteria for the inclusion of districts in the programme: those affected by political violence, extreme poverty, poverty based on unsatisfied basic needs, poverty gaps, and chronic malnutrition in children. The programme is targeted specifically to impoverished households in rural areas that have children between the ages of 0 (which includes pregnant women) and

14 years (including widows/widowers, grandparents, and guardians). Every beneficiary family can participate as long as they have children below 19 years old who are still enrolled in secondary education. A household with eligible children can be expelled from the programme for two reasons: (i) if they fail to comply with the conditionalities, and (ii) if they no longer qualify as a poor or extremely poor household. Since 2010, the cash transfer has been extended to children up until they complete secondary education (covering children up to the age of 20). This extension took into account the results of a review regarding the best way to maximize the cost benefit of the programme by revisiting supply in early education and secondary education.

Eligible households receive a fixed monthly cash transfer of 100 soles (approximately US$36) per month regardless of household size and number of children, the receipt of which is conditional on their compliance with accessing basic public services for their children.[2] The transfer is paid to mothers,[3] and in return women sign an agreement with the state and agree to the following conditions (see *Table 8.1*).

Table 8.1   Juntos programme conditionalities

For children under 5 years:	Attend regular health and nutrition consultations (for regular monitoring of height and weight, to complete a series of vaccinations, take iron and Vitamin A supplements, and have anti-parasite checks)
For children 6–14 years of age with primary school incomplete:	School attendance at least 85% of the school year
For children 15–19 years of age with secondary school incomplete (since 2010):	School attendance at least 85% of the school year
For pregnant and breastfeeding mothers:	Attend prenatal and post-natal checkups (tetanus vaccination, folic acid and iron supplements, and anti-parasite checks)

In the event of non-compliance the cash transfer is suspended for two months and indefinitely if non-compliance continues. Beneficiaries

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2.   The amount of 100 soles represents only 15 per cent of total family expenditure in Peru, but represents a larger percentage in other countries (Perova and Vakis, 2009).

3.   This follows the approach taken by Mexico's Progresa/Oportunidades of directing cash transfers through mothers, not only because women are seen to be more conversant with and have primary responsibility for children's care but also in order to provide women with greater bargaining and decision-making power (through control of economic resources). The extent to which this leads to a transformation of gender relations in the family or merely exacerbates women's work burden is, however, increasingly debated.

are issued with ID cards, which they must show at the national bank to receive their monthly payments.[4] The bank holds a centralized list of eligible beneficiaries to prevent fraud. Regular visits from the promoters of Juntos constituted the main form of follow-up and compliance monitoring of the conditionalities. Some of the interviewees in the education sector reported visits every two months and others every three months. On average, they all mentioned about five to six visits a year.

Programme coverage

Peru's CCT programme, Juntos, commenced in February 2005. In 2008, with a total budget of almost 600 million soles, around half a million households were benefiting from the programme. In 2006 it operated in 110 districts and covered about 37,000 households. By 2009 it had grown to 638 districts covering about 454,000 households, and further increased to 646 districts by the end of 2010 (see *Table 8.2*). In December 2010, Juntos reached 490,563 families in poverty, and extreme poverty and the total amount of money transferred was for 471,511 families who complied with the conditionalities during September and October 2010. These families represent a total of 1,047,381 children and 8,751 pregnant women.

Table 8.2   National coverage of the Juntos programme

Year	Number of districts	Number of communities, provinces, and regions
2005	70 districts	4 regions
2006–2009	638 districts; 420 574 households*	14 regions, 638 districts
2010	646 districts	14 regions, 116 provinces, and 28 332 communities

* Number of districts and households corresponds to February 2009.

The programme ultimately plans to expand to all 880 of the poorest districts in Peru.[5] Specific concerns in the initial stages included the government's plan to implement the programme simultaneously in rural and urban areas without having determined a clear targeting

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4.   This payment is now made every two months to reduce operational costs.
5.   The description of this programme relies on Perova and Vakis (2009) and Jones, Vargas, and Villar (2008).

mechanism,[6] and the lack of involvement of key social and political actors represented in the country's post-authoritarian National Accord.[7]

Programme budget

Although still a relatively small programme, financing has increased steadily over time, making the public budget allocated to Juntos the second largest for a social programme (after Agua para todos/Water for All). In 2005, Law No. 28562 provided 120 million soles (approximately US$38 million) to finance the pilot phase of the programme, which covered 110 districts in four regions. In 2006, a total of 300 million soles (approximately US$95 million) for the expansion phase (including 210 new districts) was allocated to broaden coverage in the original four regions as well as five additional regions. Congress allocated US$125 million in 2007 to Juntos (a US$40 million increase from 2006), as well as a supplementary loan of US$46 million.[8] Associated budget expenditures increased from 116 million soles in 2005 to 344 million soles in 2008 (Perova and Vakis, 2009). According to a presentation given by the Director of Juntos, by December 2009 the estimated budget had reached 566 million soles. The statistical bulletin of Juntos revealed that by January 2010, the programme had invested a total accumulated amount of S/.1,460,544,635 in cash transfers (from 2005 to January 2010). The Juntos programme costs only 0.143 per cent of GDP (Perova and Vakis, 2009). *Table 8*.3 provides a summary of the programme budget over the years.

The Juntos budget is divided into three kinds of expenses (MEF, 2008): (i) cash transfers (100 soles per month) for selected households, which account for 60 per cent of the total budget; (ii) transfers to sectors (S/.113 million in 2006 and S/.109 million in 2007) to guarantee sufficient quantity and quality of basic services (health and education) and to meet the new demand generated by participation in

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6. Poverty in Peru is concentrated in rural areas. This situation is reflected in social indicators such as child mortality, which affects 24 in every 1,000 live births in urban areas, and 45 per 1,000 children in rural areas. It is also reflected in the nutritional levels of children under the age of 5. While 63.4 per cent of children in urban areas show an acceptable nutrition level, only 30 per cent of rural children are adequately nourished. In addition, there are discussions on complexities regarding this urban/rural divide.

7. The 2002 National Accord represents Peru's response to the Millennium Declaration, which involves participation from political, religious, civil society, and government organizations aimed at improving equity and social justice.

8. In addition, the government has launched a new national strategy specifically concerned with child malnutrition entitled Crecer ('Grow'), which is designed to include Juntos, but focuses more intensively on preschool children under 5 years of age.

Juntos; these types of transfers accounted for 30 per cent of the budget; and (iii) administration and operation of the programme, including administrative costs of the central office and the coordination and promotion offices at the local level. These represent 11–17 per cent of the budget, which is low compared with equivalent programmes in Mexico and Chile.[9]

Table 8.3   Budget allocated to Juntos (2005–2010)

Year	2005	2006	2007	2008	2009	2010
Amount (in millions of soles)*	120	300	497.3	534.5	571.7	612.9

* All estimated budgets quoted by official sources such as the Ministry of Economics and Finance (MEF) and the Juntos programme are consistent and also used in rigorous studies, such as those of Perova and Vakis (2009).

Source: Inventario de Programmeas Sociales 2007; MEF–Sistema integrado de administración financiera (SIAF), January 2011.

Transfers to sectors consisted of transferring 30 per cent of the programme budget to each of the social ministries of women, education, and health (MIMDES, MINEDU, MINSA), in order to meet the immediate and increasing demand for these services (Vargas, 2010). However, these sectors could not use the money to reduce the gap between supply and demand for these public services for two main reasons: (i) the general disorganization of the public sector and the many bureaucratic steps required for the money to become available (e.g. one interviewee in the MINEDU stated that it took almost two years for this money to arrive); and (ii) the critical financial situation of the education sector[10] and its limited budget resulting in, for example, the distribution of free books intended for Juntos beneficiaries to other public schools.

In the case of the education sector, National Council of Supervision and Transparency (CNST) reports of December 2006 highlighted the sector's worst performance with only 6.9 per cent of the budget implemented, a figure that improved to 23.7 per cent in June 2008. As a result, transfers to sectors were cancelled in 2008, but the remaining 2008 budgets had not been fully used in each sector, with the education sector again representing the lowest level of implementation with only 36.7 per cent[11] of the budget transferred by Juntos (according to the

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9. According to information provided by the programme, this amount is significantly smaller than other countries in Latin America, such as Chile and Mexico, use during the first two years of execution.

10. The public budget for education in Peru is only 3.15 per cent of GDP and 16 per cent of the total public budget (Presentation of the Ministry of Education in the Parliament, November 2010).

11. MIMDES used 59.6 per cent of the budget transferred by Juntos.

transparency report of Juntos, first quarter of 2009). Juntos still lacks an effective mechanism to verify that the amount transferred was actually used for the intended interventions.

8.2 Programme design process

Figure 8.1 shows, step by step, the procedure of enrolment in the programme up to receipt of the cash transfer by households.

Figure 8.1   Process of family enrolment in Juntos
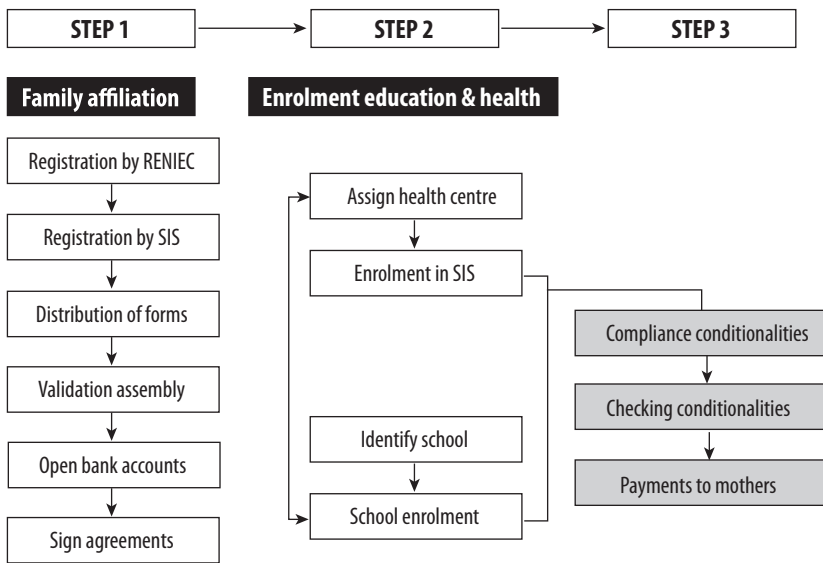
Step 1 shown in *Figure 8.1* shows families who are potential beneficiaries of the programme (children under 14 or pregnant women in poor districts, so-designated by the existing poverty map of Peru). Interested parties responded to a survey intended to collect exact information about the economic situation of the family. Once a household is accepted to the Juntos programme, there is a process by which the public health insurance (SIS) and the pubic office in charge of issuing national identity documents, the National Registry of Identity and Civil State (RENIEC), register the children and mothers in the system as beneficiaries of their public services. Next, forms are distributed for completion by mothers of selected households, followed by their validation by a community assembly to confirm that the selected households do in fact meet the programme qualification requirements.

Once the assembly confirms the household, they are included in a registration list kept by the national bank that will pay the transfer. Mothers then need to sign a formal agreement with the programme by which they commit to comply with the conditionalities of the Juntos programme.

Step 2 shows how beneficiaries are assigned a specific health centre to which they will go on a regular basis for routine checks, vaccinations, pre-natal control, and so on; however, each household is free to choose the public school they want their children to attend. Once this stage is completed, mothers start receiving the cash transfers as long as the Juntos promoters confirm that they are complying with the conditionalities regarding the health, nutrition, and education of their children.

In *Step 3,* compliance with conditionalities is verified by regular visits of Juntos promoters to schools, health posts, households, and the verification of several forms.

8.3 Targeting mechanisms used to select beneficiaries

According to Jones, Vargas, and Villar (2008), targeting comprises three stages: geographic targeting, household targeting, and a process of community validation of potential beneficiaries.

Geographic targeting

In the first stage, four criteria are used to efficiently identify the poorest districts in the country: extreme income poverty, access to infrastructure and basic services (e.g. roads, electricity, water, and sanitation), the level of chronic infant malnutrition, and a history of political violence.[12] Except for the last criterion of violence (based on the Commission for Truth and Reconciliation report), all other indicators were used to create the National Poverty Map of Peru. These data, used to identify the areas most affected by violence during the 1980s and 1990s, were compiled from poverty maps from the MEF, the national census, and the Report of the Commission for Truth and Reconciliation. This process has been improved by the use of a new target system in the last few years called

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12. In the 20 years of political violence in Peru (1980–2000), 69,280 Peruvians were killed. Many of those who died lived in rural areas and were Quechua speakers. Of the total, 12.5 per cent were children. Peru is the only country that has incorporated a criterion of 'reparation' for those affected by the internal conflict. These variables were compiled from the National Poverty Map elaborated by MEF and from the Report of Violence elaborated by the Truth and Reconciliation Commission (CVR).

the Household Targeting System (SISFOH) under the responsibility of MEF.

Household targeting

The second stage, household targeting, is based on a social demographic questionnaire designed and implemented by the National Institute of Statistics and Information (INEI), combined with an algorithm to establish the poverty line (the cut-off point between the poor and non-poor). The enumerators of INEI completed this questionnaire (as it comprised a survey) as part of the process to define the programme beneficiaries. This algorithm establishes poverty scores; and the score in each case depends on responses given to socioeconomic questions (e.g. characteristics of housing, floor, roof, walls, and access to basic services, including water, sewage, electricity, education of family members, and assets). This process, however, has generated some problems given the general level of poverty in areas where Juntos is implemented. Because the algorithm does not adequately distinguish between qualifying and non-qualifying families (in some cases the difference is a mere fraction of a percentage), it has resulted in problems of leakage (selecting families who should not qualify), as well as under-coverage of families in extreme poverty.[13] Given the inadequate coverage of those living in extreme poverty by the INEI method, a new system (SISFOH) has replaced the INEI targeting system since 2008.

Community validation of beneficiaries

The final stage, community validation, involves bringing together the entire community with representatives from MINSA, MINEDU, and the Roundtable to Fight Poverty (MCLCP). Essentially, the entire community is invited to a meeting where the names of the potential beneficiaries of Juntos are presented for community member approval or disapproval. The idea behind this process is to contrast the information provided by families when filling out questionnaires against community knowledge about the actual socioeconomic conditions of each family. In reality (according to interviews and other testimonies received in the field), only potential beneficiaries are invited to the validation meetings because of the difficulty faced by Juntos personnel in confronting and explaining to those not chosen for the programme the rationale behind the process.

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13. In fact, one example of evidence of some level of misunderstanding relates to the criteria for selection: some mothers refer to their inclusion in the programme as *sorteadas* or *premiadas*, which implies that they won a sort of lottery. They do not understand the targeting process.

The pressure to implement the programme in the initial communities selected generated a series of problems, in part because of the geographic isolation and dispersed population of the poorest rural areas. In some cases, interviews were carried out in public places rather than in people's homes or workplaces, resulting in a breach of confidentiality. Beneficiaries were also required to travel considerable distances and forgo agricultural or pastoral work. These design flaws, coupled with inaccurate recordings of information by interviewers who lacked sufficient knowledge about local realities, meant that approximately 20 per cent of those who completed the questionnaire should have been covered by the programme but were not (Jones, Vargas, and Villar, 2007). Many of these initial problems, however, have since been addressed thanks to subsequent surveys to ameliorate the process, and later with the implementation of the new targeting method (SISFOH).

Education and health sector personnel have served as important allies to validate programme beneficiaries given their general familiarity with the living conditions of families in the area. In the case of teachers and principals, they seem to be in a better position to mediate, intervene, and even recommend the inclusion of some families given the cooperative relationship some of them have developed with the promoters of Juntos. Among the problems reported about Juntos, favouritism by local authorities and other influential members of the community was mentioned. This is the reason behind a common practice observed during validation assemblies of not inviting local authorities and others who may influence the process.

8.4 Programme implementation process

Key actors involved and their main responsibilities

The Juntos programme has a centralized implementation structure and is part of the Presidency of Ministries Council (a sort of supra-ministry), which is under the close control of the President of the Republic. It leads the implementation and monitoring of its activities (including compliance of conditionalities), while working in coordination with other sectors to ensure provision of public services. Other stakeholders involved in the design, implementation, and monitoring of Juntos are as follows:

- *MEF* is in charge of the design and implementation of the household targeting system (SISFOH), a task that was initially

carried out by INEI, which conducted surveys to establish which families fell beneath the poverty line.

- *MINSA* provides health services to beneficiaries, mainly through integral health insurance (SIS). It keeps a health control record for each beneficiary to ensure this offer is made to all new users (children and pregnant women). The ministry is in charge of providing health services in the geographical areas selected by Juntos and making sure that there are enough medical and administrative staff, vaccines, and equipment to perform the regular heath checks of pregnant women and children as demanded by Juntos.

- *MINEDU* provides education services to schools, which includes the presence of teachers five days a week from March to December. It also monitors student enrolment and attendance. Formally, it is expected to retain control through regional and local education offices (DREs and UGELs), which have a mandate to supervise teacher and student attendance. In reality, this is rarely done because of budget constraints and the overall corruption of the sector.

- *RENIEC* provides identification documents for all beneficiaries' mothers. (This is not yet mandatory for all children, but there is a national campaign to provide IDs for all children.) RENIEC is in charge of confirming the accuracy of identity information provided by potential beneficiaries. In coordination with promoters of Juntos, RENIEC representatives visit targeted districts and offer to issue identity documents for mothers and children with or without birth certificates. The service is free. If a child does not have a birth certificate, a formal declaration (with confirmation of a health worker) is sufficient to make a registration and issue an ID in less than two months.

- *MIMDES* (the Ministry of Women and Social Development) may support some training and capacity-building for women who are beneficiaries of Juntos in topics such as self-esteem, domestic violence, and women's rights in general, but it does not have a direct role in providing more tangible services to beneficiaries.

- *Civil society* (especially local leaders with previous experience in participatory mechanisms) plays a part through local councils of supervision and transparency (CLST). In some cases this may include teachers. Local councils are responsible for supervising the compliance of commitments agreed to by beneficiaries, as well as the quality of public health and education services. Civil society works in close coordination with local members of MCLCP.

At the national central level, this includes representatives of two churches, one union, one NGO network, and entrepreneurs from the National Council of Supervision and Transparency (CNST).

All decisions in the programme are made at the central level in Lima and are implemented through a pyramidal structure that goes to the regional level, where there is a regional representative and a local monitoring system that reports directly to the central office. The specific role of regional representatives is to implement decisions made at the central level and to report on any progress. The programme has been designed specifically to avoid politicization. This is clear in the founding of CNST at the national level and a similar mechanism at the local level with the active participation of civil society. In order to prevent clientelism – a common practice especially in poor rural areas of Peru – it has thus explicitly excluded political local authorities from playing an official part in the final validation process.

The efforts made by Juntos to engage key actors in the public sector and civil society are not sufficient to produce the key changes needed in the education sector, specifically in terms of long-standing issues of accountability and transparency. For example, in spite of all changes achieved, the education sector still presents serious resistance to the resolution of complaints reported to CLST and CNST, and to attending regular meetings[14] – especially those related to the Inter-institutional Cabinet. The sector has habitually appointed persons who have not attended these meetings, so the possibility of accumulating knowledge and capabilities is quite limited. The Inter-institutional Cabinet is an important opportunity to improve sector accountability because the agenda usually revolves around key topics of complaint.

Major steps undertaken to implement the programme

The chart presented in *Figure 8.2* describes the implementation process of the Juntos programme, counting four main processes from affiliation to control operations. The final column on control and planning operations seems to be the least developed and hardest to monitor. The programme has developed fast in this area of operation, especially over the last few years, but without taking sufficient time

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14. In fact, at large meetings organized by Juntos where local government officials were present from the health sector, there was no one from the education sector. However, someone from the latter seems to always attend meetings organized by the Project for the Improvement of Basic Education (PROMEB) and Plan International for which transportation and other costs are covered.

to make design adjustments before reaching out to even more poor people in other regions. However, some recent initiatives have made important improvements to the programme's coverage (e.g. increasing the age limit for receiving benefit from 14 to 19 years old), transparency (e.g. biometric equipment to control student attendance), and targeting (e.g. SISFOH method).

Figure 8.2   Mapping of processes in Juntos
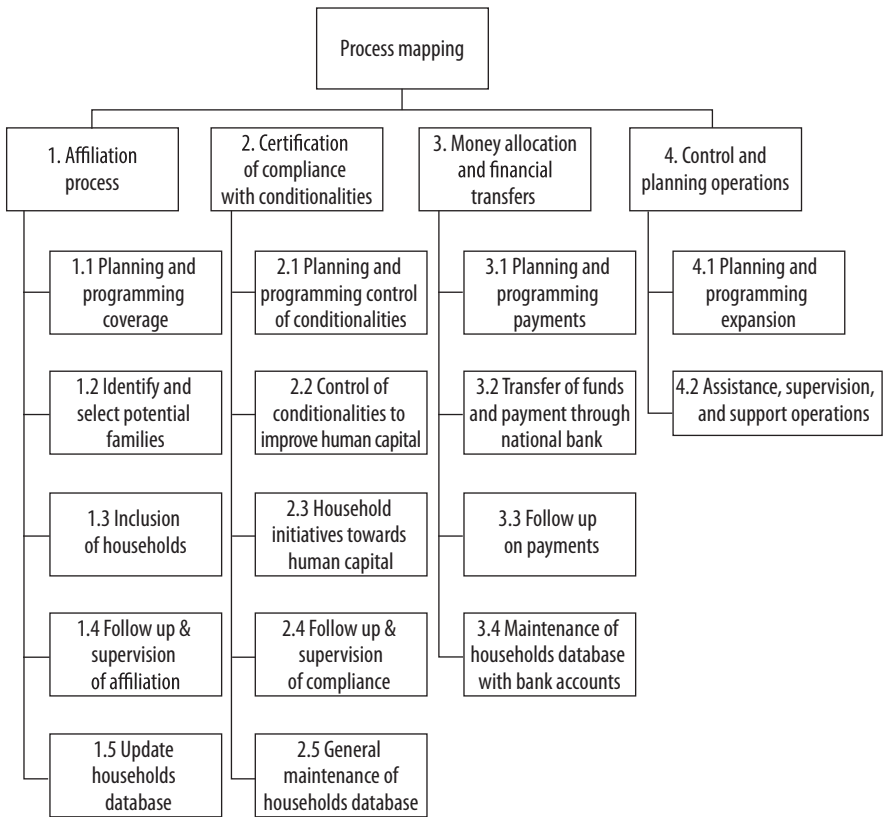
Source: Adapted from MEF (2008).

During its initial stage of implementation, Juntos organized workshops to inform key people about the programme, mostly those closely engaged with the accomplishment of conditionalities such as principals, heads of health facilities, local authorities, representatives of the regional government, and so on. This programme has now passed through three stages: Juntos 1, Juntos transition, and the present stage,

Juntos 2; however, no more workshops have been held to inform new authorities or staff in the sectors about their roles in the programme. As a result, several mothers are not clearly informed about programme duration and the length of time the programme will continue to support their children. This has made beneficiaries very sensitive to the possibility of even the smallest change to the programme.

The programme organizes regular coordination and information/training meetings with the sectors, but representatives, especially from the education sector, usually do not attend. As a consequence, there does not seem to be systematic coordination between Juntos promoters and school staff, so the latter only gain knowledge about the programme through mothers, or their own means such as by developing a good individual relationship with the promoters.[15] In most cases, there are informal channels of communication between teachers and school principals and the Juntos promoters. In some cases, teachers and principals lack clear information on the age limit for benefiting from the programme and/or the duration of the benefit.

In the specific case of education, the form FS 02 has been created to follow up on teacher attendance, complemented by teachers' own records on student attendance.[16] The promoters collect both records every two months. The difference between the official requirements on attendance and the figure actually used (85 per cent versus 70 per cent attendance) and the lack of clear information on the length of the benefit[17] constitute good examples of how the programme seems to have retained discretionary room for manoeuvre on the part of its staff in the field. The introduction of the Juntos programme and the budget set to improve the supply of education included the improvement of teachers' performance and training; however, this failed due to outdated state-wide procedures. Recently, Juntos has attempted to implement new strategies to improve communication with the education sector and create new incentives for teachers and schools.

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15. For instance, there was no clear information from the school about the age limit on receiving the benefit or regarding the number of absences that would warrant a student's removal from the programme.

16. In the formal documentation of the programme, 85 per cent attendance has been set as the requirement to remain in the programme; however, in the field a more flexible benchmark of 70 per cent (about six or seven absences every two months) has been adopted. More than this number of absences results in the suspension of the transfer.

17. Since August 2010, the government has decided to extend the benefit until children finish secondary education (the age limit now is 18 years old, 11 months, 29 days). Hardly anyone was informed of this change, especially among beneficiaries.

Finally, the lack of a baseline study for the implementation of the Juntos programme is no doubt the most important weakness of this programme, as it makes it hard to obtain a real measure of progress by contrasting current indicators of nutrition, schooling, and health with those at the programme's launch. The current evaluations have been made using control groups in neighbouring communities, while the baseline study is still pending.

8.5 Review of observed intended and unintended behaviours

Among the main changes reported by teachers and children was the early enrolment of children. In addition, they came to school at the beginning of the year with all their school materials (including books), whereas previously they had to wait until harvest season, about three months after the start of school, when their parents had access to money. The informal mediation of teachers to include new families in the programme, and tighter surveillance of teacher attendance by parents, are also among the main changes observed as a result of the presence of Juntos.

Improvement in student attendance

All school teachers, principals, and education authorities agree on the achieved improvement in student attendance because of Juntos: they enrolled on time; there was an increase in the number of children enrolled in early education; and there were fewer absences due to familial work obligations (children, especially boys, used to travel away from home with their fathers to work in agriculture during the school year).[18] In general, all school officials agreed that Juntos has dramatically improved student attendance, but they neglected to mention the implications in terms of its effect on teacher attendance or improvement in the quality of education offered.

Better learning conditions

Children, mothers, school teachers, and school principals seem to have a clear idea of the intended use of money from Juntos. This money is mainly meant to pay for food, school materials, personal hygiene expenses, uniforms, and shoes (when the latter two are not provided by the state). Principals and teachers have reported improvement in

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18. According to interviews in the two districts studied, boys used to help in the rice fields and girls would help their mothers at home. There has been a decrease in such activities to avoid expulsion from the programme.

hygiene practices since the implementation of the programme. Based on children's testimonies only, Juntos promoters made regular home visits (every two or three months) to verify the use of new smokeless stoves, that all children knew how to wash their hands with soap (the children also revealed that promoters took pictures of the bathrooms), and that mothers were investing in more and better quality food.

However, several testimonies were received from teachers who, to some extent, question the design of the programme. For example, they were not convinced of the sustainability of training only mothers on the basis that fathers were not as interested and supportive of their children's education. (Fathers rarely attended school meetings during the week, but rather those held on Sundays when they were not at work, and when the agenda concerned financial matters.) There were many rumours about the misuse of Juntos money, one example being that fathers were using the money to produce and purchase alcohol. This and other rumours and criticisms of the misuse of Juntos funds and the programme itself cannot be verified due to a lack of reliable evidence.

Increase in illegal school fees

A common practice reported by local authorities is that school principals were requesting cash from parents, arguing that the education sector does not provide sufficient money to meet basic school needs. According to education authorities, this used to be a problem only in urban areas, but has recently been replicated in rural areas as a result of the need for cash in hand for school-related purchases. Parents are requested to pay an unjustified fee of S/.10 soles (US$4) for administrative purposes. Requests for money happen on a regular basis throughout the year with the consent of education authorities and principals who, according to a principal's testimony, admit that

> each teacher decides on how much money they request from parents and the use of that.

More broadly, the Juntos programme is creating new opportunities for the larger grey area of school fees. Juntos specifically demands that mothers receive a certificate of school attendance when they have children in Grade 1. Schools charge for these certificates to cover the cost of paper and printing. Juntos has created a standardized form that requires principals to fill in only the student code and then sign it, but in some cases principals require a more 'official' document (e.g. with an 'official' stamp), for which they charge from 1.5 to 15 soles, citing the cost of paper and photocopying as reasons for the charge. Principals

interviewed admit to this practice because they are protected under the TUPA[19] procedure. Juntos creators are aware of this problem, but are not willing to confront principals, in part because they need the schools' cooperation to complete the certificates.

Higher voluntary contributions made to parents' associations

There were many testimonies in which school staff complained about difficulties in coordinating with local and regional education authorities and the limited support they received in obtaining school equipment, such as books, cleaning materials, and so on. Books for first and second grade are distributed in June (when schools start in March), so teachers have to go in person to the Regional Unit to see if the books (and other materials) are available for collection. In such cases the teacher would need to cover their own transportation costs (a taxi might cost US$8). Sometimes, parent volunteers helped with fees and book collection. Such situations occur because of centralized management, the result of which is that every single demand represents the use of personal resources. (This includes the use of personal mobile phones for work purposes due to the lack of landlines – the case even in the capital city where UGELs are based.)

As a consequence, in all schools visited, there is a common practice of asking for voluntary contributions to buy materials needed by schools. At the beginning of the school year, the parents' association (AMAPAFA) requests from each family a contribution of around 15 soles (a set fee per family regardless of the number of children at the school) to aid in paying bills for electricity,[20] water, and buying educational materials (boards, chalk), plus brooms and other cleaning supplies, among other items. This annual fee seems to form an important source of financing for school improvements due to the serious problems in the sector with providing enough and timely resources to schools. The simple knowledge of greater cash availability in the community benefiting from Juntos thus seems to encourage the parents' association in charging such an amount. Based on testimonies, charging 'voluntary' fees seem to be a common practice to cover petty expenses in public schools, but

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19. TUPA (*Texto Unico de Procedimientos Administrativos*) contains the administrative procedures for a citizen to request documentation from the public administration.

20. The lack of sufficient financial support (or its unpredictability) from the education sector is evident during the weeks prior to general elections in Peru, when most schools are used as voting locations. One of the schools visited did not have electric light due to a lack of light bulbs. The electoral authority gave the school money to buy some.

the increase of cash availability that Juntos represents appears to provide an incentive to demand these contributions from poor families.

The AMAPAFA is accountable to parents regarding the use of the money. In some cases, there seems to be a fluid relationship between AMAPAFAs and school authorities, but in others there seems to be a lack of regular communication. Every classroom has a committee with six parents, and this single mechanism seems to guarantee more fluid coordination among school staff and parents. However, school personnel do not always seem to really know how much money AMAPAFA controls, and there have been cases of corruption where money has been stolen due to lack of control mechanisms.

Pressures exerted on students and their parents

Parents and school personnel had a clear understanding of attendance and the appropriate spending of programme money as conditions of the programme, but there was some confusion (voiced by at least two principals) as to whether or not a student could be removed from the programme if he or she did not pass to the next grade level. It is the impression of programme personnel that this is one of several rumours regarding how the programme actually works. It is not easy to determine the exact source of this rumour, but there seems to be interplay between unauthorized pressures from Juntos promoters to demand good school performances and the natural fear that mothers[21] have of being exposed to this risk if their children do not pass their school tests.

Principals also thought that they were more entitled to demand attendance and better performance from students who were beneficiaries of the programme. They claimed that there was no discriminatory treatment of beneficiaries compared with non-beneficiaries of Juntos. However, there are some testimonies in which principals admitted that they warned parents (especially fathers) that they would report them to the Juntos promoter if they did not attend parent meetings. There are also testimonies from children that they were sometimes forced to do non-related school chores such as sweeping floors, cleaning bathrooms and fetching water as part of their contribution.

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21. It is important to mention that since it is the mothers who receive the cash transfers and who tend to be more involved with their children's education, it is they who directly receive the demands for money. Only 20 per cent of mothers in Piura have completed primary education (MINEDU), which is also a key factor in understanding their high vulnerability when interacting with a public system with which they are unfamiliar, also due to their limited knowledge of their rights as citizens.

Similarly, according to testimonies from parents, teachers, and principals, parents were expected to contribute in other ways when they had no access to money, such as through labour (e.g. painting, fixing desks) or in kind (e.g. alcohol). There are also some testimonies of teachers using Juntos conditionalities to threaten parents if they do not buy all the requested school materials. It has to be noted that the high vulnerability of children (forced to do tasks that do not correspond to their status as students) and their mothers (threatened by teachers and principals of being reported to the promoter of Juntos) puts them in a fragile position before people with more education and access to information. Many of those mothers are indeed illiterate or possess very little education and information about their rights in the face of a chaotic and corrupt system.

Greater control over teacher attendance

A common bad practice in the sector has to do with the appointment of teachers in rural areas. In some cases, they are appointed and then a few weeks later request leave citing non-existent health problems (submitting false medical certificates) or 'outsource' their post to a third person with whom they share the salary (the teachers keep 600 soles and give the third person the 500 remaining soles). Another common practice is 'Wednesday teachers' (*profesores de miercoles*). These teachers arrive on Tuesday and teach half of that day, teach the full day on Wednesday, teach on Thursday and then leave at the end of that day. This is a bigger problem in rural areas, which do not have the support necessary to create a proper monitoring system.

However, in all schools visited, there was a registration book used to control teacher attendance in which teachers have to sign when they arrive at school and again when they leave (even to attend training or meetings or for personal reasons). All six schools visited had such a book in which they kept a detailed registration of teacher attendance, absences, and, in few cases, even the daily curricula covered. The absence of a teacher had to be reported to parents in advance and the teacher needed to have a replacement. Even though the extent to which this practice was used in Juntos is uncertain, it is quite evident that the programme's regular monitoring visits have proved efficient in helping to both control teacher absences and make the teachers accountable for their absences. However, as it is a manual tool there are some limitations. These can hopefully be overcome by new technologies that have been implemented on a pilot/trial basis since 2011 (see *Box 8.1*).

Box 8.1   Monitoring the sector: SIAGIE, CADER, and META

Despite efforts, it has not been possible to obtain the centralized, reliable information about the sector necessary to follow up on cases of corruption and instances of excessive teacher absences in schools. The reasons for this stem from the fact that the majority of these programmes are either disconnected from the rest of the sector (CADER), were not designed to respond to the country's conditions (SIAGIE), or were cancelled before any concrete results could be obtained (META). SIAGIE and CADER are still in operation.

SIAGIE is a form of software introduced in 2003 and managed by the Ministry of Education. It is designed as an improved administrative tool for schools and teachers to manage the historical records of students. It monitors student enrolment (and in a few cases also student grades), student attendance, and teacher performance in the classroom. It is an information system intended to collect relevant information in real time to aid with decision-making in the sector. Moreover, the information SIAGIE collects differs from the statistical information collected by educational surveys. However, lack of electricity in rural areas is an obstacle to implementing this system as teachers must fill out the information by hand and then enter it online at an Internet cafe.

A previous attempt to monitor teacher attendance was the META programme – an incentive system for teachers tested in 2003 when the Ministry of Education launched a pilot programme for teachers in rural areas to attend and stay in schools. Teachers who qualified for the programme received a monetary incentive. This programme continued in 2004, keeping records of teacher attendance and student achievement in reading comprehension and mathematics at the beginning and end of the school year. This programme demonstrated a positive impact on teacher attendance as well as on student achievement (Cueto *et al.*, 2008). META was cancelled in 2006.

A similar initiative, institutional bonuses (*bonos institucionales*), started in August 2011, under agreements signed between Juntos and the Ministry of Education. These made use of leftover funds from transfers made by Juntos to the Education sector between 2006 and 2008.

The close monitoring of teacher attendance by parents and Juntos promoters may be the most important change introduced by the programme. An example was seen during the fieldwork conducted in Piura. Mothers exercised systematic pressure on the school principal because two teachers were not appointed on time[22] by the local management unit (UGEL). This meant that their children were sent

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22.   The appointment of new teachers seems to be one of the main sources of corruption and clientelistic practices in the sector. This is an area where local authorities in UGELs make decisions with little or no accountability mechanisms.

home, leaving them quite concerned that they would be taken out of the programme as a result of a management issue beyond their control.

New channels of requests and complaints for teachers

Finally, the limited presence of report channels and support from their own sector has forced teachers to rely much more on other sectors and programmes (such as Juntos) to submit requests and complaints. It was indeed quite difficult for them to use UGEL and DRE to push for improvements or to report problems, unless they knew someone on the inside; otherwise it was virtually impossible to get an appointment. In other cases, submitting complaints or reporting cases of corruption led to intimidation by local authorities, who could threaten to request a programme promoter or auditor to make a special visit. Due to limited presence and support from their own sector, teachers may use the regular visits of Juntos promoters as an avenue to share their complaints (e.g. lack of school materials, delay in the distribution of books, and vacant teaching positions). In this way, if the Juntos promoters mention their observations to sector officials, it removes the possibility of retaliation from the sector on teachers.

In summary, school staff tended to place transparency and accountability duties only on families, and were reluctant to revisit old practices to become more transparent and accountable with regard to their own commitments under this programme. For example, they were more willing to report student absences than they were to adjust illegal practices, such as charging small fees for issuing certificates and asking for 'voluntary fees' two or three times a year to improve classrooms.[23] This practice of occasionally asking for 'voluntary' contributions applied to all students, but Juntos beneficiaries seem to be targeted more than other students.

8.6 Transparency and accountability mechanisms

CCT programmes play an important role in the application of new social policy theories and programme administration practices (Johannsen, Tejerina, and Glassman, 2009). In practice, many processes and instruments associated with CCT programmes (including impact evaluations, targeting by proxy means tests, and poverty maps) are, in fact, not intrinsic parts of, or initially motivated by, these programmes.

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23.   The programme for maintenance of classrooms was only recently implemented.
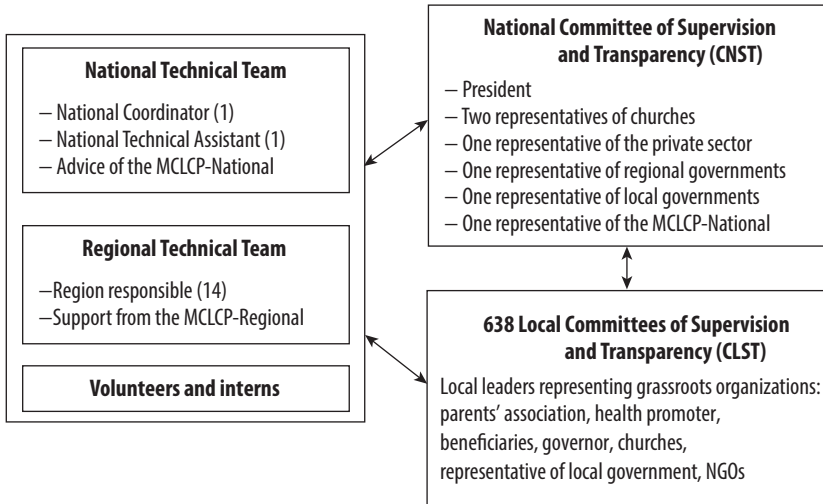
However, the widespread use of these tools and the development of associated technical capacity was, in many cases, a consequence of implementation of a CCT programme. CCT programmes have the advantage that they represent large-scale and highly visible interventions. In Peru, for example, Juntos is the largest social programme. High visibility of a programme thus creates a demand for transparency in processes, which in turn generates the need for objective instruments to improve programme effectiveness. The Juntos programme is no exception to this trend.

National and local committees of supervision and transparency

From the beginning of the programme, a special commission on monitoring and transparency called the National Council of Supervision and Transparency (CNST) was established at the national level and included five members corresponding to five institutions of civil society: three members of the Catholic Church, one member from the entrepreneurial private sector, and one member of MCLCP (see *Figure 8.3*). This committee works with the support of a technical team comprising 17 members (14 of whom headed the transparency committees in the 14 regions in which Juntos was implemented and three corresponded to the central office in Lima).

The recent report published by the Ombudsman Office (Defensoría del Pueblo, 2011) analyses vulnerabilities to corruption and the process of implementing Juntos. It found that the most complaints concerned: (i) affiliation (e.g. people reported that they were not included in the initial survey, although 58 per cent of promoters mentioned that people do not tell the truth during validation assemblies); (ii) co-responsibilities of health-nutrition and education (e.g. teachers and principals keeping records of student attendance); (iii) the cash transfer itself (e.g. mothers receiving an incomplete amount); and (iv) suspension of the programme (e.g. decided upon by promoters). In summary, the report concluded that insufficient control mechanisms, placing other people in charge of parts of the process without effective control mechanisms, and lack of information constituted the three main sources of vulnerability to corruption in Juntos.

Figure 8.3   Structure of the transparency committees


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┌─────────────────────────────────────┐    ┌──────────────────────────────────────────┐
│        National Technical Team        │    │   National Committee of Supervision       │
│                                        │    │       and Transparency (CNST)             │
│  – National Coordinator (1)            │    │                                            │
│  – National Technical Assistant (1)    │    │  – President                               │
│  – Advice of the MCLCP-National        │    │  – Two representatives of churches         │
│                                        │    │  – One representative of the private sector│
│                                        │    │  – One representative of regional governments│
│        Regional Technical Team         │    │  – One representative of local governments │
│                                        │    │  – One representative of the MCLCP-National │
│  –Region responsible (14)              │    └──────────────────────────────────────────┘
│  –Support from the MCLCP-Regional      │
│                                        │    ┌──────────────────────────────────────────┐
│                                        │    │    638 Local Committees of Supervision     │
│         Volunteers and interns         │    │        and Transparency (CLST)            │
│                                        │    │                                            │
│                                        │    │ Local leaders representing grassroots      │
│                                        │    │ organizations: parents' association,       │
│                                        │    │ health promoter, beneficiaries, governor,  │
│                                        │    │ churches, representative of local          │
│                                        │    │ government, NGOs                           │
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Note: Members of the national and local committees are prestigious persons with sense of social responsibility. In the case of local committees, members are elected in community assembly. All members are volunteers, they are not paid but they have a technical support team that brings permanent training and advice.

Source: Adapted from a presentation by Sarita Sanchez Celis, January 2011.

CNST's general objective is to focus the Juntos programme so that it effectively benefits the poorest households in the country. According to Article 6 of Supreme Decree No. 032-2005-PCM, CNST's main role is to supervise compliance of the objectives of the Juntos programme, based on transparency and neutrality, from the perspective of the beneficiaries. It has three specific objectives: (i) monitor and verify that direct transfers actually reach the poorest families of the targeted population located in the selected districts; (ii) monitor and verify that beneficiary families actually access quality public services (health, nutrition, education, and identity) with equity and respect to cultural diversity; and (ii) monitor and verify that the implementation process of the programme develops with transparency and neutrality.

CLST is an autonomous entity within the Juntos structure and is in charge of supervising – from the user/citizen point of view – the accomplishments of the programme objectives related to the supply of services, affiliations, payments, and leakages. In its structure, each district has a committee made up of volunteers who have previous experience in surveillance actions and citizen participation (e.g. participatory budgets in local governments). Its main mandates

are not only related to surveillance, but also to monitoring the political neutrality[24] of the programme. CLST supervises the transparency and neutrality of the programme in five areas: (i) supervision of programme resources; (ii) supervision of the selection process in the hiring of new staff; (iii) supervision of the quality and kind of information given to beneficiaries, local authorities, sectors, institutions, community leaders, and people in general (e.g. progress, indicators, results); (iv) supervision of publication of the list of beneficiaries in selected communities; and (v) supervision of access to information given by sectors according to Law 27806.[25]

According to the CNST report of the second quarter of 2009, there were a total of 638 CLSTs and 62 Sub-CLSTs.[26] Municipalities have formally recognized 252 CLSTs. (In some cases, this process takes time because local authorities are new or do not agree with the composition and influence of CLSTs.) CLSTs seek formal recognition by municipalities because this allows them to develop an institutional life and be registered as a civil society organization (and therefore formally certified to take part in other participatory processes such as the participatory budget – a consultation mechanism established under the decentralization process in Peru to discuss priorities for the allocation of the public budget at regional and local levels). Approximately 4,190 people are involved in CLSTs – mostly leaders and community authorities – but 1,500 are volunteers. According to Ascue (2009), during the period 2005/2009, members of CLSTs received training courses in leadership and 52 per cent demonstrated good quality performance and participation.

Decentralized monitoring systems

The Juntos programme has a decentralized system of surveillance and monitoring, led by CLST, that includes the active participation of civil society in accordance with the following steps: (i) generate a list of schools and a list of beneficiaries by class; (ii) distribute the lists to Juntos promoters for evaluation; (iii) register the educational service through SIAGIE, an information system to monitor school management; (iv) collect attendance records from schools; (v) administer criteria for

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24. As mentioned previously, the political use of the social programme in terms of clientelistic practice is a common risk in Peru. This risk is exacerbated during electoral periods.

25. Law 27806 is the Law of Transparency and Access to Public Information, passed on 2 August 2002, for the public sector in general.

26. There are sub-CLST in districts that are large, dispersed, and difficult to access.

the evaluation process; and (vi) obtain results according to compliance: withdraw/continuity. These activities are developed by CLST as voluntary work established under Supreme Decree 032-2005 PCM as part of the surveillance role assigned to civil society. They are expected to work independently, but in coordination with the Juntos person in charge of supervision and transparency, to transmit their findings and recommendations to the regional and national levels (CNST).

CLST identifies problems and prioritizes critical cases. It then analyses the possible causes of these problems, collects additional information, and defines possible solutions. Once completed, it submits its proposal to the Juntos promoter, which is then taken to MCLCP for further discussion. If MCLCP agrees with the solution, it asks Juntos to implement this correction and disseminate the results. If it does not fully agree with the solution presented by CLST, the case moves to the regional or national level (CNST) for a final decision.

The effectiveness of the procedures implemented by CLST depends not only on the qualification of its members to perform this task, but also on the political context and the support received from local authorities and the Juntos programme. Promoters of Juntos who are field implementers of the programme (mainly women with a professional degree in social sciences) visit schools every two months, not only to collect information about attendance (which also serves as an opportunity for teachers and principals to learn who the beneficiaries are), but also to inquire about the use of Juntos money (information collected from children's testimonies). They also demand an official certificate issued by the school principal for those children enrolled in the programme.

Audit mechanisms

There are two different external audit mechanisms in place and, based on their results and conclusions, they have been exercised with little or no coordination between the offices that implement them: the Ombudsman Office and the Office of the Comptroller General of the Republic. One such mechanism is the report prepared by the Ombudsman Office under the reporting mandate on the quality of public services provided by the State of Peru. A team from the Programme on Public Ethics, Corruption Prevention, and Public Policy of the Ombudsman Office (attached to the Unit for the prevention of social conflicts and governance) recently published a 177-page report specifically on Juntos (Defensoria del Pueblo, 2011). This report was prepared with the

support of the Threshold Programme of USAID, focused on enabling social programmes in Peru. Juntos was selected as an emblematic case for study on the basis that it could provide useful lessons for other nutrition programmes, such as the Glass of Milk[27] programme. They identified specific weaknesses of the programme (in relation to affiliation, co-responsibility with health-nutrition and education, transfers of incentive monies, and suspension of the programme). One of the main findings related to Juntos was lack of sufficient control in the delegation of responsibilities to other people.

The Office of the Comptroller General of the Republic also prepared a report in July 2011 on the Juntos programme. It was based on information collected in 2007 and 2008 because of the budget and increase in the number of beneficiaries in those years. The two main findings in this report were that Juntos does not have a baseline study to estimate its impact on beneficiaries and that the programme does not have a logical framework with specific indicators to assess the results of each goal and objective (for more information about impact studies, see *Box 8.2*). According to this report, the Juntos programme defines its efficiency according to the number of deposits made in beneficiaries' bank accounts. Other findings of this report relate to the lack of control mechanisms and the workload of each promoter in Juntos, who is supposed to be assigned 300 families per month, but in reality, ends up with a figure closer to 800. As a result of this, 21,818 beneficiaries did not receive transfers over a period as long as four years, causing the accumulation of 15,753,634 soles in the national bank.

Complaint mechanisms

CADER was established by the MINEDU to receive complaints and claims, mostly via a toll free number. In reality, it focused mainly on the capital city of Lima and, according to interviews, hardly responded to requests. One of the most interesting actions taken by this office has been to make publicly available on its website names and photographs of teachers in jail for sexual abuse in an effort to prevent them from transferring to another school. Moreover, interviews show that mothers prefer not to submit formal complaints because of fear that they will be removed from the programme by the health workers or teachers about whom they complained.

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27. Peru's Vaso de Leche ('Glass of Milk') is a nation-wide programme that provides milk and milk substitutes to low-income households.

Box 8.2   Impact of the Juntos programme

A study carried out by the World Bank (Perova and Vakis, 2009) shows clear improvements in enrolment rates (4 per cent increase in the area of intervention for children between ages 6 to 14), but not in attendance rates. These improvements are concentrated in the critical transitions: entering primary education, passing from first to second grade, and in the transition from primary to secondary education. Other studies carried out by UNICEF, CARE, and the Consorcia de Investigación Económic y Social (CIES) show that Juntos has not supported the education sector in the hiring of more teachers and improving the educational supply – as the programme has with the health sector. A positive impact of the programme has been a decrease in teacher absenteeism as a result of the pressure on children's attendance at schools and the monitoring actions of the Juntos promoters.

In addition to schooling outcomes, the World Bank study found that participation in Juntos also encourages beneficiary households to spend more on educational supplies. Perova and Vakis found that among households with at least one child between the ages of 6 and 14, an increase of approximately 30 soles a year in spending on uniforms can be attributed to participation in the programme. This increase constitutes 70 per cent of the annual spending in the control group.

According to Perova and Vakis, Juntos has a small overall impact on school registration. However, for both registration and attendance, the magnitudes of impacts are higher among Juntos participants who have been in the programme longer. These results are higher for girls than for boys. In addition, an analysis of the results by age suggests that the effects at transition points are higher for Juntos beneficiaries who have been in the programme for more than one year.

A breakdown of these results by primary school age reveals a number of interesting trends. First, the positive impact of Juntos on schooling is driven by impacts at transition points: entry in primary school and transition from primary to secondary. For example, the effect on school registration is concentrated among younger children, especially 7-year-olds. Second, school attendance among 7-year-olds is also significantly higher for Juntos households. Third, exploring impacts based on length of participation in Juntos also indicates that for households that have been in Juntos for one to two years, the programme has a positive impact for 11 and 13 year olds regarding attendance and registration, respectively. Incidentally, these results also seem to have a higher impact among girls, but the sample sizes are smaller and as such, gender-specific results should be treated with caution.

Another interesting source of information relies on the following reporting procedure: CLST, in coordination with the local Juntos office, submits reports on each sector by region (including both positive and negative aspects) every three months to MLCLP,[28] which passes the

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28. MCLCP is a nationwide entity made up of several churches, local NGOs, and civil society representatives. MCLCP has a high level of legitimacy.

information to the CNST. Each sector is expected to deal with issues related to its own sector, but testimonies reveal that the education sector does not usually respond. In cases involving violation of citizens' rights, the Ombudsman Office is informed. All cases are consolidated in a single matrix (*Table 8.4*).

Table 8.4   Matrix of complaints reported under Juntos (form used by the CNST by region)

Topics (in the actual matrix, each topic may have between 7 to 20 sub-topics)	Region (by month)	Justified or Unjustified complaint	Complaint submitted by an individual or a group	Record of complaints solved, in process, unsolved	Complaint submitted by CLST or regional responsible
Targeting process Enumerator charges money					
Affiliation process Leakage					
Transfer of cash incentive Use of false money					
Verification/control of co-responsibilities Forced additional conditionalities					
Evaluation of services supply Absence of teachers					
Juntos personnel Promoters threaten people					
Other local actors Politicians in campaign					
Conflicts of beneficiaries Robbery, fights					

The CNST Juntos report (fourth trimester, 2009)[29] revealed 19 per cent of cases of student maltreatment and 62 per cent of cases of teacher absence at schools. Other problems included: 9 per cent of

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29.   In the 2007–2010 CNST reports on transparency, only a few reveal specific problems in each sector. Most focus on problems inside Juntos.

cases of schools charging illegal fees;[30] 8 per cent of cases where students were forced to perform tasks beyond conditionalities (e.g. cleaning bathrooms); and 3 per cent of cases of sexual harassment. Instances such as being charged for typically free public services under a wide range of modalities (e.g. forcing mothers to buy raffle tickets, forcing parents to pay for tickets for barbecues, paying for medical consultations under the SIS programme) emphasize the perverse relationship between citizens and the state in which lack of information on their rights makes mothers quite vulnerable to manipulation and subject to various forms of misconduct. Altogether, 133 complaints were reported in 2010 in the 16 districts of Piura. These cases are taken to the respective sector (Education or Health) to be resolved, or the Juntos programme itself responds at the regional office.

8.7 Analysis of how programme variables influenced transparency

This section will analyse how some programme variables (focus of incentives, selection of programme beneficiaries, nature of incentives, and conditionalities and their mode of implementation) may influence the degree of transparency in the targeting and management of the programme's educational incentives.

Selection of programme population

The current phase of Juntos, phase 2, has seen the implementation of a new targeting system, the household targeting system (SISFOH).[31] It includes a new survey that provides an opportunity for people who are not part of the programme to be included. SISFOH was implemented in 2008 for individual targeting in Juntos, and consists of a general household register or database of the socioeconomic situation of each household. The database is based on two main sources of information: administrative records of those with an income in the formal sector of the economy (payroll of public and private sectors) and a household census of people who live in poor and extreme poor areas. Expenditure on basic services (water and electricity) provided an additional source of information.

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30. All teachers and principals interviewed admitted that they charged small fees to parents, mostly to pay for photocopies of a text that only the teacher has. This seems to be common practice replacing official books, which though free, are not always distributed on time.
31. This is a targeting tool designed by the MEF for all social programmes.

Mayors and local authorities were explicitly excluded from the selection of beneficiaries to prevent potential political influence. However, this has begun to change as of the second selection process by SISFOH (report of the CNST Juntos, third quarter, 2010). Governors, mayors, civil society organizations, CLSTs, and officials from the education and health sectors are now participating in awareness-raising courses in order to be included in the selection process.

Nature of incentives

The presence of cash in a community changed how principals and teachers asked for donations from beneficiaries, when they should have been receiving them from the central or regional governments. But from another perspective, the provision of benefits in cash to poor families – a sometimes-controversial change from social programmes that are predominantly based on in-kind delivery – emphasizes the need for evaluation and accountability.

Cash transfers typically constitute a part of a social protection policy, working by increasing household income through direct cash transfers as well as household expenditure on children's health and education (having an indirect impact on reduction of child labour and child trafficking), improving nutritional status, improving the ability to utilize social services, and improving enrolment and retention in schools (especially for girls). In the last decade, cash transfers have risen rapidly up the ladder on policy agendas as a feasible and appropriate response to chronic poverty, even in countries with low administrative capacities.

Emerging evidence on cash transfers from low and middle-income countries suggests that they can be relatively easy and cost efficient to deliver, that they can smooth household consumption and income, improve health and education outcomes, empower recipients, and in some cases, promote asset building. Evidence also indicates that cash transfers can have positive impacts on reducing child poverty. Devereux *et al.* (2005) reviewed a number of cash transfer programmes in southern Africa (cash-for-work, direct cash transfer, and pension schemes) and found that vulnerable children are able to benefit from cash transfers even if they are not targeted directly. It was found that cash transfers to households were mostly spent on food, clothes, and seeds, and meeting the costs of services like education and health. Furthermore, Barrientos and DeJong (2006) found evidence from the child grant programme in South Africa and targeted conditional cash transfers in Latin America that cash transfers constitute an effective tool in reducing child poverty.

In these case studies, the strong correlation between childhood poverty, the number of children in a household, and the depth of poverty, ensures that cash transfers targeted towards children have strong effects on their economic status. Additional investments in the provision of basic services are essential to ensure that the demand created by cash transfers is matched by supply.

Compliance with conditionalities

Juntos phase 2 included new forms (see *Box 8.3*) to follow up on compliance with the programme conditionalities of school attendance and regular nutrition and health checks for children below 14 years old and pregnant women. In education, these new forms go beyond tracking student and teacher attendance, and attempt to capture additional relevant information such as student transfers to other schools. Most recently, they were revised to include more detailed information. However, they still focus on obtaining basic descriptive information pertaining to attendance and students passing to the next grades, which can be crucial factors in terms of education quality and learning achievement if Juntos beneficiaries are supposed to pass their exams and courses.

In addition, in the rural district of Frias in Piura, Juntos launched a pilot project to test the use of advanced technology to monitor compliance with conditionalities regarding health, nutrition, and education. This pilot introduced biometric equipment to report on student attendance at schools and health centres. This equipment has a biometric reader and a digital database of all the students' fingerprints, which, it is hoped, better monitor student attendance and help prevent drop-outs. Every morning, each student must scan his or her finger at which point it registers in real time and is sent via mobile phone to the education sector. This is an important measure to improve transparency given the wide range of mobile phone coverage even in the poorest areas of Peru. However, this initiative has not been well received by some people in the education sector who do not want this fingerprint system to also eventually include the monitoring of teacher attendance.

Box 8.3.   New forms to enforce accountability

According to interviews in Piura, from January 2011 new forms have been designed and introduced to control school attendance at the national level. Adoption of these new forms follows regulation in the sector and they are articulated towards the Strategic Programme of Learning Achievement (PELA). However, the sector itself has not adopted the new forms (even though they have to complete them) and, in some cases, they are reluctant to follow new procedures (e.g. recording teachers' fingerprints with biometric equipment). There are also formal agreements signed between the regional government and the corresponding sectors (health and education) on co-responsibility of accountability, bearing in mind the decentralization process in education (to be taken up by the municipalities).

There are three new forms: EDU 1, EDU 2, and EDU 3. These have been designed using previous experience to be more precise, detail-oriented tools to register more and better information on the compliance of conditionalities in education, and not simply whether the student has or has not attended school. EDU 1 is for recording the name and basic information of the school principal, as well as the school code and grade levels offered. EDU 2 is for additional information on enrolment (to control dropout), levels, new students, repetitions, transfers to and from others schools, and whether or not the student passed his or her exams. EDU 3 is for specific information about every student (every beneficiary of Juntos) and the number of times he or she missed school and for what reason (justified or unjustified).

There is no doubt that these new instruments can provide good quality information on the programme and the education sector as a whole. However, if they are only implemented for participants of Juntos,* minimal statistics and information will be available on other students not enrolled the programme. Another potential question and flaw relates to how the information yielded from these forms will differ from that already collected through SIAGIE.

Finally, since 8 May 2011 under the Code to Protect Consumers, there is a new instrument to report cases of corruption that applies to all public offices, including schools: a book of complaints (*libro de reclamaciones*) to formally lodge any grievances. Each entry is to be resolved in no more than 30 days, but there is no regular supervision by the corresponding authority.

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*   For example, the principal of a school in Santa Rosa estimates that 37.7 per cent of children participate in the programme.

Mode of implementation

Since July 2010, regional governments have been more explicitly involved in the implementation of Juntos through formal agreements signed between the programme, the regional government, and the education and health sectors. These agreements are meant to make regional governments more accountable regarding the supply of basic public services. This contributes to establishing a system of co-responsibility within the sector as illustrated by *Table 8.5*. Co-responsibility is also

defined as a principle by which the delivery of money to beneficiaries is regulated: if families do comply with conditionalities established by the programme, they keep receiving the money. In this way, the cash transfer programme (CCT) aims to create a system of reciprocity between the government and beneficiaries. This same principle is also used to refer to the mutual responsibility between the Juntos programme and the sectors affected by conditionalities (mainly the education and health sectors).

Table 8.5 lists the kind of responsibilities shared by Juntos with the education sector and the means of verification proposed to confirm that conditionalities are being fulfilled. Enrolment, attendance, and passing courses are registered and verified on a regular basis; however, as in other developing countries, the main problems faced in education are no longer those of attendance or course approval, but of the quality of education, which is not measured by Juntos.

Table 8.5   Co-responsibility in the education sector

Target	Co-responsibility	Verification
Girls and boys who are 6 years old or will be 6 years old by 30 June.	To be enrolled in, attend, and perform in regular basic education.	School registration is checked once a year and school attendance every two months. No more than six absences (justified or not) during a two-month period are permitted. Students must pass to the next grade level.
Children (boys and girls) from 6 to 14 years old. For families with children older than 14 years, these children must remain in regular basic education (early, primary, or secondary) in order to continue with the programme. The age limit is 20 years old, except for those still studying in regular basic education and for those who will turn 20 during the school year. In this case, they will remain in the programme until they finish the school year.	To be enrolled in and attend classes corresponding to the appropriate regular basic education level.	School registration is checked once a year and school attendance every two months. No more than six absences (justified or not) in a two-month period are permitted.

Source: Ministry of Education.

New technologies were also introduced to facilitate management processes. Since February 2011, mothers can now be paid in their own districts instead of travelling to the nearest district with a national bank. The system requires use of a computer and an antenna to gain Internet access to obtain the payment.[32] This initiative, entitled Banca Movil (Travelling Bank), was coordinated by Juntos, the national bank, and the district mayor of La Arena who wanted this money to contribute to the local economy. The only obstacle to its implementation is bad weather (particularly in the rainy season) which can interrupt the Internet signal, thus making it difficult to download the database of beneficiaries.[33] This is expected to improve transparency because it will improve access to funds. Moreover it can help reduce corrupt practices since some of the corruption cases reported in 2011 by the Office of the Comptroller General of the Republic involved a large number of people not collecting their money.

8.8 Indication of best practices

The following best practices are based on observations made in schools visited where the Juntos programme has been introduced. Some of them may be regarded as best practices in any school, with or without a CCT, by helping to strengthen transparency practices in the education sector.

Access to information

The introduction of clear signs of transparency can be affordable and easy to implement. For instance, public display of key school information (e.g. number of students by degree and sex, number of school days and school hours, holidays) can be readily available to Juntos promoters when they make unannounced school visits, especially as teachers or principals may not be present or available to provide the information. The Juntos programme focuses on controlling student attendance, but this implies that teachers should be present as well. Having a registration book to control and monitor teacher attendance and compliance with the curricula is a basic practice that should be accessible to parents, allowing them to know in detail the content of the curricula and what

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32. According to the world marketing director of Google, at the 2009 annual meeting of entrepreneurs, the Internet presence in Peru was pretty high compared to averages in the world and in other countries in Latin America, reaching 26 per cent. The Comunidad Andina de Naciones, a regional organization, named Peru as the country within the region with the highest coverage (16.3 per cent) and the highest growth rate (82.2 per cent) for the period 2000–2005.
33. *Source:* Author's elaboration. Based on Juntos website and interviews in Piura.

their children are being taught. Even though the Juntos programme does not focus on improvement in the quality of education as one of its goals, some schools have attempted to move in this direction. Building on the registration book where principals keep control over teacher attendance, one of the schools visited had a daily record of the specific class taught by every teacher in each grade, which also provides a useful insight into progress within a given timeframe.

Use of new technologies

The office in charge of the Juntos programme in the education sector has piloted an electronic information system (SIAGE) to register reliable, precise data (exact time and date) regarding student and teacher attendance at each school. Designed in consultation with the Juntos programme, it has the potential to reduce opportunities for corruption in the education sector. Moreover, new biometric electronic equipment to monitor student attendance uses children's fingerprints to record the times when they arrive and leave school each day. It is expected that this equipment will help to reduce the possibility of inaccurate information provided by teachers and Juntos promoters. This equipment would also be helpful to control teacher attendance.

Development of monitoring tools

There is little experience of the efficiency of sanction mechanisms that discourage reports and complaints of corruption cases. The Juntos programme has made dramatic changes in this area, in part, because of its supervision and transparency mechanisms. CNSTs and CLSTs have a system in place to cross-check monitoring and reporting. Unfortunately, these reports have been mostly ignored by the education sector, which has not responded accordingly. Due to the fast decentralization process in Peru and the new competencies in education taken by regional and local governments, Juntos is opening 'social windows' (*ventanilla social*) in regional and local governments. These social windows consist of the implementation of a local targeting unit in each municipality (upon request) with the technical support of the regional Juntos office; however, with proper support this could also become an additional channel of reporting for parents and the general public.

Promotion of social control

Teachers and principals need to have a channel through which they can report problems and propose possible solutions. These channels

need to work; otherwise problems and corruption will continue, discouraging those teachers with the will to improve education and the sector. As teachers are not finding these channels in their own sector, they are using those of Juntos. There is evidence that parents want to improve the quality of public education for their children. Parents' engagement in the discussion of themes, such as the relevance and cultural appropriateness of the curricula, should be introduced as part of the agenda of parent-teacher association meetings, in addition to current topics related to the collection of money to cover school needs.

8.9 Conclusions and recommendations

- Cash transfers tied to conditionalities seem to create increased awareness among parents and children regarding the importance of education. In relation to CCT programmes, education involves more costs and responsibilities for participating families (e.g. less child labour, greater work burden for women).
- After several years of implementation, there is some consensus around the fact that Juntos has helped to highlight lack of investment in services in the poorest areas of the country, and has revealed structural weaknesses in the sectors involved (mainly the education and health sectors).
- The Juntos programme is making important advances in developing an information system on families and children living in poverty. The programme is generating high-quality data (through the use of identity codes and a social demographic questionnaire on living conditions and access to services), which can be used by other social programmes to avoid overlap/duplication and leakage.
- There are still urgent information gaps including the lack of a national database on the real number of children per age group (necessary to overcome problems of participant exclusion) and inconsistencies between the various databases of ministries, Juntos, and the National Programme for Nutritional Assistance (PRONAA).
- The Juntos programme is facing serious criticism due to the lack of a baseline study after many years of operation. The lack of such a study creates an obstacle for evaluating the impact of the programme.
- The urgent need for the systematic creation of a unified database of beneficiaries and standardized forms to record quality information seems to be one of the most visible priorities for the Juntos

programme as a way to promote evidence-based policies in the country, especially with regard to social programmes.

- The creation of tools such as SISFOH and identity codes provides a good basis for further policy decisions. They also seem to be guiding recent adjustments in the programme (e.g. the expansion to secondary education).
- Lack of information at the local level about amounts, who the beneficiaries are, and the purpose of cash transfers, as well as a lack of control mechanisms to monitor teacher attendance at schools, has generated a general sense of mistrust.
- One common complaint from teachers was the limited information they had regarding the Juntos programme through regular channels. They often received information informally and it was sometimes incomplete and inaccurate.
- Lack of sufficient information for parents (e.g. reasons for removal from the programme and who can make that decision) makes them more susceptible to exploitation. This is the case especially for illiterate or non-Spanish speaking mothers.
- Initially, Juntos lacked a proper assessment of the quality of supply of public services (e.g. the recurrent absence of teachers in rural areas). Even though this situation has changed dramatically over the last several years, a variety of problems faced by the sector still need to be addressed in order to properly respond to current demands: unjustified absences of teachers, reckless management of educational materials, insufficient and inadequate training for teachers, etc.
- According to interviews, Juntos helped to highlight the lack of instruments to monitor teacher and student attendance at school. This is a critical problem, especially in rural areas where schools sometimes have only one teacher for students of all ages (*unidocentes*).
- The absence of guidance from the state in remote areas to explain, for example, the available resources for the sector to comply with conditionalities, and to include teachers and principals in the launch of the programme, is an obstacle to the creation of greater consensus and support for the programme.
- There is evidence that this programme has been useful in highlighting the lack of inter-sectoral coordination and lack of capacity to articulate various complementing initiatives within the

sector.[34] This implies that there is limited coordination and synergy between actions taken by the Peruvian state from different sectors when some problems, especially those related to poverty, need to be addressed by more than one sector simultaneously.

- Weaknesses in transparency mechanisms and limited accountability and surveillance of society in general, and the education sector in particular, have had an impact on the capacity of the Juntos programme to be more effective in controlling conditionalities. These limitations are being overcome by the active participation of parents' associations (particularly the participation of mothers), who are interested in improving the quality of education for their children.

- The Juntos programme is helping to establish a culture of monitoring and transparency because the whole system is based on regular visits of promoters and written verification of compliance with conditionalities. Even though monitoring systems exist in official documents for all sectors, there are few or no actual monitoring actions taking place due to budget constraints, an inefficient bureaucracy, and obstacles to enforcement.

Recommendations

- It is crucial to include a well-designed information system from the design stage of the CCT programme to facilitate surveillance and future adjustments.

- CCTs demand inter-sectoral efforts to succeed and the use of simple technologies to prevent corruption. From this perspective, CCTs should make efforts to communicate with other sectors, creating synergies and building new capacities, and introducing a results-based management system.

- It is important to build consensus regarding the introduction of new mechanisms of surveillance and follow-up. Otherwise any suggestions will be rejected for being imposed top-down (e.g. biometrics).

- It would be wise to better inform school personnel of the potential impacts of the CCT programme in the sector, for example, by establishing a mechanism to properly inform principals and

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34. This is the case with the 'One laptop per child' programme, which may complement Juntos quite well. In some communities with no electricity, laptops were not very practical because children had to walk a long distance and pay 10 soles (US$4) for 30 minutes to charge computers. Education authorities have examined the possibility of using solar energy, but have not followed up further on the matter.

teachers – at the launch of the programme and afterwards on a regular basis – about the programme and the specific role of education as it relates to the compliance of conditionalities.

- Investing in capacity-building to empower people is key to engaging civil society in the monitoring process. Demanding more active participation from people without providing basic tools (e.g. information and negotiation skills) may exacerbate the tensions with teachers and principals.

- All processes and new procedures established should be discussed with the sectors involved to improve sustainability and ownership, even though it takes more time.

- In contexts with widespread corruption and weak institutions, it is important to set up multiple reporting mechanisms to provide people with a reasonable range of venues to voice concerns. This includes a strong alliance with mass media to report cases of corruption.

- The dissemination of emblematic cases of accountability in the context of a CCT programme would have a positive impact. This could also work as a good practice to be replicated by other schools.

- The education sector should launch an initiative to empower community leaders (in a joint venture with parents) to map out key opportunities for corruption (e.g. direct and indirect costs of public education) in the sector and explore possible solutions to these problems.

- An important element for the successful implementation of a CCT programme linked to education is the selection of key allies, who should be empowered and engaged at local and national levels. This will also encourage sustainability and lower the risk of corruption.

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What are the best ways to ensure that scholarships, conditional cash transfers, free school meals, and so on, actually reach their intended beneficiaries? This book assumes that different models of design, targeting, and management of pro-poor incentives can prove more or less successful in maximizing efficiency, transparency, and accountability, and in minimizing the likelihood of errors, fraud, and corrupt practices.

Comparing the cases of seven projects implemented worldwide, it demonstrates that some models may pose greater challenges to transparency and accountability than others (namely, targeted, in-kind, locally managed, or community-based). At the same time, these models may be the most adequate for local needs, especially if there are budget constraints, a vast and diverse territory, or demand for food at school.

The authors argue that deliberate actions taken to confront related corruption risks, such as simplified targeting, legal definition of responsibilities, local transparency committees, school display boards, appeals mechanisms, informal whistleblowing, and social audits, among others, are of greater importance than the adopted incentive model. They conclude by highlighting the value of 'mutual accountability systems', where all actors are mutually accountable and subject to checks and balances.

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