THE USE AND USEFULNESS OF SCHOOL GRANTS:
LESSONS FROM ETHIOPIA

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OTHER TITLES ON:
'THE USE AND USEFULNESS OF SCHOOL GRANTS'

Kenya

Lesotho

Malawi

Uganda

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AACA	Addis Ababa City Administration
ABE	Alternative Basic Education
BoFED	bureau of finance and economic development
CIP	Curriculum Improvement and Implementation Programme
EO	Education Office
ETB	Ethiopia birr
FEDO	finance and economic development office
GEQIP	General Education Quality Improvement Project
ICTEP	Information and Communication Technology Expansion Programme
KETB	Kebele Education and Training Boards
LMIP	Leadership and Management Improvement Programme
MoE	Ministry of Education
MoFED	Ministry of Finance and Economic Development
NRS	National Regional State
PPAD	Planning and Policy Analysis Department
PSTA	parents, students, and teachers association
PTA	parents and teachers association
REB	regional education bureau
SIC	school improvement committee
SIP	School Improvement Programme
SMC	school management committee
TAEO	town administration educational official
TDP	Teachers Development Programme
WEO	*woreda* education office
WoFEDO	*woreda* finance and economic development office

Executive summary

This study was produced as part of a regional research programme which included field research in four other Eastern and Southern African countries: Kenya, Lesotho, Malawi, and Uganda. This programme was organized by IIEP-UNESCO between 2010 and 2012, in collaboration with UNICEF and the Centre for Education Policy Development (CEPD).

Researchers interviewed school principals, teachers, members of parent committees, parents, and pupils from 12 schools, as well as actors from three district education offices,[1] to learn about the design and implementation of school grants in Ethiopia. The research team investigated the impact of the grants on school enrolment, as well as on the quality of the education delivered in schools and on equity within and between schools.

Ethiopia introduced fee-free primary education in 1994. To support this reform, several grant schemes were initiated in the education system. Two of these – '*block grants*' and '*school grants*' – were explored in this research. The first began in 2002 and its purpose was to cover the salaries of school personnel, as well as the running costs of schools. The second, introduced in 2009 as one of the components of the internationally sponsored General Education Quality Improvement Project (GEQIP), was intended to support school-based initiatives which improve the quality of education.

An initial strong research finding was the inconsistencies in the implementation of the policies across the country. In practice, the allocation of the *block grant* in particular was found to be very irregular. It was discovered that in several regions, the *woreda* withheld the funds and managed them from their office, as personnel felt schools lacked competent treasurers. In one region, for instance, the funding was never received by schools and the education office distributed teachers' salaries and purchased material on behalf of schools. However, school-level actors felt that this process lacked transparency and meant that insufficient funds reached schools. Only schools in Addis Ababa managed their budgets themselves.

Although having its own distinct objective – to strengthen the quality of education – the *school grant* programme was also a means to address these shortcomings of the *block grant*.

The set criteria of the *block grant* were the number of employees, school enrolment, and class size. As for the *school grant*, enrolment was the only criterion. Parents, teachers, and students were not aware of these criteria, either for the *block grant* or the *school grant*. Mixed feelings were observed among school directors on the criteria. Although those in smaller schools thought they were unfair, others, invariably from larger schools, were of the opinion that they were the best available factors to take into account when dividing up the funds.

The set size of the *block grant* was ETB (Ethiopia birr) 10 ($0.5) per pupil for the 1st cycle of primary and ETB 15 ($0.8) for the 2nd cycle of primary. As for the *school grant*, this was of ETB 15 ($0.8) and ETB 20 ($1) for each cycle. It was learned that since the beginning of 2011, the amount of the *school grant* had increased to ETB 40 ($2.1) and to ETB 45 ($2.4) for each cycle. Nonetheless, all those interviewed perceived the grants as still too small to meet the needs of schools.

The transfer mechanisms for both grants were complex and the autonomy at the *woreda* or sub-city level – key echelons in decentralized Ethiopia – had an effect on the amounts received by schools. Once they received their resource envelope, their administrative councils negotiated the budget in all sectors, including education. The education office

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1. In this study 'districts' are referred to as *woreda* or sub-city offices.

was then imposed a certain allocation and resources were regularly lacking to cover all needs. Additionally, a crucial player in the current process is the Ministry of Finance and Economic Development (MoFED), which was responsible for releasing the funds to the district level. The allocation procedures relied heavily on strong cooperation between administrative levels of the MoFED and the Ministry of Education. Delays were mentioned as an issue in two out of three regions. Respondents expressed frustration with this transfer mechanism and believed that schools should be given the money directly.

For the schools who received the *block grant*, the decision-making on its expenditure was very centralized. However, in the case of the *school grants*, many actors commented that involvement of parents and teachers in decisions had been encouraged since their introduction. Together, school committees decided on a list of priorities for their schools. However, it was noted that communities were still far more involved in deciding the use of parent contributions, than they were in the two government grant policies.

Guidelines for both the *block grant* and the *school grant* specified how each grant should be used, but these documents only defined wide budget lines. The *school grants* were seen as relatively flexible and authorized the following broad spending categories: the teaching-learning process, the school environment, leadership and management, community empowerment, student achievement, and schools' capacity to manage change. Schools were not allowed to spend the funds on certain items, such as the construction of new classrooms or buildings, or the purchase of electronic equipment. Given this level of flexibility, it is not surprising that differences were observed in the spending priorities between regions and across schools. Overall, the highest expenditure was maintenance, but *school grants* were also spent on establishing laboratories and libraries, refurbishing classrooms, purchasing stationery, and building separate toilets for boys and girls.

The research team did not note any infringements of the restrictions and the majority of school-level actors visited were aware of them. Some said they found them too restrictive, but, more frequently, they complained about the short time-frames for reporting on the funding. In several schools, the research team noted that personnel lacked skills to record data on spending. Individuals who are working with finance-related tasks complained of a lack of adequate training programmes.

In terms of internal control of the *block grant*, except for the rare schools where the school management committees were observed to be active, there seemed to be little oversight of the work of the school director. If committees were able to monitor expenditure, this was mainly possible only for the chairperson rather than the committee as a whole. As for the *school grants*, there was more oversight on the actions of the school director but monitoring was sporadic nonetheless, and took place mainly only upon specific request of teachers or parents. There were cases of reporting to parents through parents and teachers associations and parents, students, and teachers associations or meetings, but this was limited to a few schools.

As for external monitoring, visits or inspections in schools were not mentioned, but financial reporting was common. These were compulsory to receive future instalments of both the *block grant* and the *school grant*.

The study revealed that, given the underfinancing of education, parent contributions still represented an important share of many school budgets in Ethiopia. These are in fact encouraged by government guidelines, as long as they remain voluntary. However, this practice varied a lot across the country and it was found that in one of the regions, quite encouragingly, they had been either eliminated or reduced following the introduction of the *school grant.* The study did not discover any students having been denied access to schools because of failing to pay these contributions.

The general picture from the research was that, notwithstanding certain challenges, when they were received by schools, the *block grant* and the *school grant* had a positive impact. Whereas the block grant allowed schools to cover their basic expenses, the *school grant* ensured certain teaching materials could be purchased, showed promise for encouraging school-based collective decision-making and relieved parents in some schools from paying contributions.

Introduction

Why study school grants?

In a growing number of countries, a significant reform in educational management is under way: Schools which in earlier years had very little or no say in their own financial management now receive grants directly from central authorities. While this trend is not new in OECD countries, it has an almost revolutionary character in many developing countries, because it breaks a tradition of centralized decision-making and control over financial resources.

These school grant policies were generally introduced to accompany fee-free education: grants were expected to make up for the loss of income due to the abolition of school fees. In addition, it was assumed that such grants will have at least four advantages:

1. There will be less bureaucracy than when schools have to wait for materials or funds from higher administrative levels.
2. Spending that is decided by the school actors, should be more relevant than when decisions are made by actors who are far from the school and less in touch with its needs or priorities.
3. Direct transfers to schools means that all funds arrive at the school level without any 'loss' to the different administrative levels (region, district).
4. Grants could also have a positive impact on equity if higher amounts are given to disadvantaged schools, for instance those located in poor and remote areas and those characterized by high numbers of orphans and by gender disparities.

In other words, school grants are expected to make a positive contribution to access, quality and equity. However, there can be a great distance between a policy and its implementation and the simple existence of school grants in no way guarantees that these improvements will be realized. So far, there has been little research on the way in which school grants are actually used within and by the schools. As commented by Buckland,

> Many studies of school grants programs and school-based management interventions are based on analysis of program documents which describe the way in which initiatives were designed, and do not document sufficiently the extent to which and in what ways strategies were actually implemented on the ground, so that success or failure may often be more a function of failures or weaknesses in implementation rather than technical design (Buckland, 2011: 3).

A research programme in Eastern and Southern Africa

The UNESCO International Institute for Educational Planning (IIEP) and UNICEF coordinated a research programme in Eastern and Southern Africa from 2010 to 2012, in order to understand better how the school grants policy is implemented in and by different schools, and to learn what its real contribution is to the grand policy objectives it is intended to serve. These findings contribute to define strategies that could feed into the design and accompany the implementation of school grants, so that they make a stronger contribution to these objectives.

After a pilot study in Lesotho from October to December 2010, the research was conducted in 2011–2012 as part of a regional research programme, including four other countries from Eastern and Southern Africa (Ethiopia, Kenya, Malawi, Uganda). The research was coordinated by IIEP in partnership with the UNICEF Eastern and Southern African Regional

Office (ESARO) and national offices; ministries of education; national research institutes;[2] and the Centre for Education Policy Development (CEPD, South-Africa).[3]

The analytical framework

The research focused on one specific source of funding, namely grants transferred from central government to schools. Three criteria for the choice of schools were used: that the school is the recipient of these funds; that these funds arrive as grants and not as actual material resources; and that the schools have some autonomy in using these funds. The analysis therefore included all types of funding which met these criteria.

The following paragraphs offer some further explanation, and some examples of the specific interrogations that formed part of the research.

The contribution of schools grants depends on the explicit *policy objectives*. The objective for instance may simply be to improve bureaucratic efficiency or it may be much wider, including overcoming disparities and strengthening school autonomy.

The objectives have an impact on the *criteria and the mechanisms for distribution* of the grant. A key question is: are the criteria simply based on the number of students or do they take into account certain characteristics of the school and its environment such as the number of pupils from disadvantaged groups or the number of out-of-school girls and boys?

The objectives also have an impact on the *total grant amount*. However, in many schools, the grants only form part of the *total financial resources available within the school*, as schools continue to collect some funds from parents or may receive contributions from non-government sources. It is crucial to be aware of the overall budget of the school and of the relative contribution of the schools grants. The arrival of funds at the school level does not automatically imply that these funds will be used for the benefit of the pupils and will lead to better quality and improved school functioning. Several related issues crop up.

A first series of issues concerns the *decision-making processes within the school*: what is the role of the principal, the teachers, the parents, and the students? Does the availability of these grants lead to a participatory decision-making process involving teachers, parents, the local community, and/or to improving the overall relationships within the school community?

A second series of questions concerns the *control mechanisms*, which have generally accompanied the transfer of grants to schools. Their effectiveness influences the use of the grants and their usefulness. Several questions may need to be examined here, related respectively to the actors, tools, and feedback:

- The *actors* who have the right to monitor and control can be inside the school, around the school (a school management committee [SMC] or a parents-teachers association [PTA]) or at higher levels within the administration.
- The *tools* could be simple financial reports or much more detailed audits, including an examination of the usefulness and impact of these funds.
- Another, regularly neglected, issue concerns the *feedback*: what information is sent back to the school on the use of the grant, subsequent to monitoring and control? What action is taken in case of ineffective, incomplete, or incorrect use of the grant?

The decision-making and control processes help us understand the way in which grants are really used. This depends also on a third element, namely the *knowledge* that the different actors have of the policy, and this depends, on the one hand, on their participation in the *policy formulation* process, and, on the other hand, on the *policy dissemination*.

When examining then the *actual use of the grants*, the research focused on question such as: Are these funds used for inputs or activities which are known to have an impact on

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2. Addis Ababa University (Ethiopia), Kenyatta University (Kenya), Centre for Education Research and Training (CERT, Malawi), and Makerere Institute of Social Research (Uganda).
3. A regional comparative analysis will be co-published by IIEP and UNICEF, separately from the *Country Notes* published for each of the five countries.

quality? Are they used more for the immediate benefit of teachers or of students or of both groups? Are the specific needs of disadvantaged groups such as orphans or poor pupils within the school or within society taken into account?

This intricate combination of factors leads us to the final and fundamental question, namely: What has been the *contribution of school grants* to the major policy objectives, be they the ones included in the explicit objectives of the national policy or broader ones that the literature claims could be the result of such a policy?

The research design

It will have become clear that several factors that help explain the contributions of the school grants policy are dependent on in-school processes. These processes can be very different from school to school, and therefore the use and usefulness of grants will also differ between schools. This has three fundamental implications for any research on this theme.

The first one is that we need to enter into the school, so as to really understand how decisions are made, what role different actors play, what knowledge and understanding they have of the policy, and who controls. Such questions are complex and delicate. The answers cannot be found through a simple study of policy documents, nor can they be answered through a quick survey at a distance. What is needed is in-depth and qualitative research into the functioning of the schools.

Secondly, we cannot limit ourselves to collecting opinions of a few actors within the school. Our interest is precisely in knowing the diversity of opinions between actors and the possibly unequal levels of knowledge and understanding. It is important therefore to interview various groups, from principal over teachers and parents to pupils.

The main data collection instruments were the following:

- Interviews with a wide range of actors at school and district levels.
- Consultation of relevant documentation such as reports on basic education indicators and on schools' financial management (when available, schools' accounts books and financial reports, schools' plans, SMC/PTAs minutes of meetings). A school profile gathering key education and financial data was completed by the school staff in each school.
- Observation in particular on the use of school grants and quality of school infrastructures, on the information signposted in schools, and, where possible, on relations between school actors.

A third implication follows logically from the above: once it has been decided that each school will be examined in depth through detailed and lengthy interviews and through some observation, unavoidably the number of schools has to be limited. We decided to cover, in each country, a group of 12 schools (though the numbers are slightly different between countries). Those schools were chosen from among two or three districts in order to learn also about the role played by district offices. The group included in each country schools with varying characteristics, taking into account in particular their location (urban/rural) and the level of socio-economic development.

Research in Ethiopia

In Ethiopia, the research examined two grant programmes: the '*block grant*' and the '*school grant*'.[4] The first was introduced with the wave of decentralization in education in 2002. The second began in 2009.

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4. In this document, when referring to both the *block grant* and the *school grant*, the term 'school grants' (in plural form) will be used. When the second grant programme is referred to specifically, *school grant* will appear (in italics).

Qualitative research was conducted in 12 schools across Addis Ababa City Administration (AACA),[5] Oromia National Regional State (NRS) and Somali National Regional State (NRS). Four schools were included from a 'sub-city' of AACA, four from two different locations in Oromia NRS and four from one location in Somali NRS.[6]

Interviews were carried out by a team of three researchers from Addis Ababa University. They interviewed school principals, teachers, members of parent committees, parents, and students from the schools as well as actors from three local education offices (EOs). Once in the field, the researchers found out that a number of different actors were involved in the implementation of the grant schemes, and their positions varied according to the region. This meant that occasionally different actors were met in different regions. For example, in Oromia NRS, a school grant focal person was interviewed who had been officially assigned to support, supervise, and control the implementation of school grants. This position did not exist in the two other regions. At the school level, the research team contacted in particular the school directors, SMCs, PTAs, PSTAs (in AACA), and SICs (school improvement committees) who all supervise and control the day-to-day functioning of their respective schools and are all either involved in or affected by the grant policies. Overall, 248 school-level participants took part in the study which included face-to-face interviews and focus group discussions.[7]

In Oromia NRS and Somali NRS, the nearest local authority governing schools is the *Kebele* Education and Training Board (KETB),[8] which is one administrative level below the *woreda*. KETBs no longer exist in AACA; they have been recently replaced by *woredas*, under each sub-city. Overall, the sub-city and *woreda* education offices (WEOs) are the major decision-makers for the implementation of the government's education policies and strategies in *kebeles* and schools.

Additional information in the form of quantitative data on the primary schools was gathered from the personnel at the relevant *woreda* or sub-city education office.

Of the 12 primary schools visited in Ethiopia, two of those in AACA (Victory and the Sun) were jointly visited with an IIEP expert (from 4 to 7 April 2011), while the remaining 10 primary schools were visited by the national research team from 4 April to 25 May 2011.

This booklet

This report analyses and synthetizes the data collected during this field research in Ethiopia.

It is composed of seven sections. *Chapter 1* examines the characteristics of the schools and their environment. *Chapter 2* focuses on the school grants policies developed in Ethiopia, their purpose, and the policy formulation and dissemination processes. *Chapter 3* analyses the criteria and mechanisms of the distribution of grants. *Chapters 4, 5,* and 6 focus on the use of funds at the school level, and on the process of monitoring the use of the grant at school level. *Chapter 7* summarizes the main lessons learnt and provides relevant recommendations that emerged out of the research.

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5. Although AACA is technically a city administration rather than a regional state in Ethiopia, it will be referred to as a region – for instance when the author writes 'across all three regions' – in this document for ease of reading.
6. To ensure anonymity, the names of schools were replaced with fictitious names.
7. See *Annex 1* for a table presenting all the respondents interviewed
8. A *kebele* is the smallest administrative unit in Ethiopia, similar to a ward, below *woredas*.

1.   Profile of the schools and their environment

1.1   The school environment

Among the three regions, AACA is the most economically developed and has the most advanced infrastructure. Oromia NRS is at a moderate level of economic development, and Somali NRS can be described as an emerging state in all respects.

In AACA, four primary schools (the Upper, Victory, the Sun, and the Globe,) were visited in a sub-city in the south of the capital. The actors from the first three schools described the communities surrounding their schools as poor. The majority of the population had very low incomes and engaged in day-to-day activities such as weaving, day labour, and in the retail sector. As a result, a considerable number of students enrolled in the schools are very poor, are children of single-parent families or are orphans. One of the teachers interviewed said, 'Most of the students enrolled in this school are very poor and they are usually active only during the first and second periods – as a result they do not pay attention to my teaching, feeling tired and hungry in most cases'. One of the school directors interviewed also described the condition as follows: 'Almost half of the students are orphans. For instance, in this school alone, about 400 students are extremely poor and had it not been for the support of World Vision[9] they would have failed to attend school'. The number of extremely poor students represents nearly 28 per cent of the total number of students enrolled in this school.

In comparison, the situation of the local communities which live next to the Globe primary school was relatively better than that of the other three schools in AACA, as reported by the actors interviewed.

Four primary schools were visited in Oromia NRS:

- Tokkuma and Adoolessa (urban schools), located 175 km from AACA, were surrounded by poor families;
- Qorsaa and Daandii (rural schools), surrounded by farmers with mixed economic status, ranging from a poor to average standard of living.

Four schools were also visited in the Somali NRS: the Addis Road, the Border, the Hub, and the Inner-city. They were located at approximately 600 km from AACA. The urban schools (the Hub and the Inner-city) were surrounded by people of diverse economic backgrounds (very poor, and poor to relatively well-off). The other two rural schools (the Addis Road and the Border) were surrounded by farmers.

Overall, the major economic activities of the communities adjoining the rural schools are agricultural, whereas those of the communities surrounding the urban schools include small business, day labour, and other low-income activities.

The information presented in the previous paragraphs is summarized in *Table 1*.

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9.   A prominent international NGO, active in Ethiopia.

Table 1.   Schools according to their location and their observed socio-economic level

Region	Sub-city, 'woreda', or town administration	School	Urban/rural
AACA	Southern sub-city	The Globe	urban
		The Sun	urban
		The Upper	urban
		Victory	urban
Oromia NRS	The Highland woreda	Adoolessa	urban
		Tokkuma	urban
	The Highland town administration	Daandii	rural
		Qorsaa	rural
Somali NRS	The Lowland woreda	The Addis Road	rural
		The Inner-city	urban
		The Hub	urban
		The Border	rural

In terms of culture and language, the schools visited in AACA were surrounded by multi-ethnic groups: Amhara, Oromo, Tigre, Walytaa, Kanbata, Gurage, and others. The schools visited in Oromia NRS were generally surrounded by Oromos, while the schools in Somali NRS were predominantly surrounded by Somalis.

The use of the mother tongue as a medium of instruction at primary level is constitutional and legitimate as stipulated in the *Education and Training Policy of Ethiopia* (MoE, 1994*a*). The language(s) used as the medium of instruction therefore varied from region to region:

- In Somali NRS, the language used is Somali.
- In AACA, it is Amharic.
- In Oromia NRS, officially, students are taught in Afan Oromo (as reported by the school-level actors interviewed). In practice, however, a few schools use both Afan Oromo and Amharic as a medium of instruction for different groups of students, in an effort to address all children in their mother tongue. This was the case in Qorsaa and Adoolessa primary schools, for example.

Amharic and English are also offered in all primary schools as a subject, both in Oromia NRS and Somali NRS, so as to enhance national and international communication. This is also clearly articulated in the *Education and Training Policy* (MoE, 1994*a*).

No serious difficulties were reported by either students or the parents interviewed regarding the distance from home to school. Students said that the distance they walk to reach their respective school requires five to 30 minutes. Nevertheless, in AACA, teachers and parents have expressed serious concerns about accidents. Some of the schools, for example the Sun and the Globe, are located next to busy main roads which students often cross to reach their schools.

Finally, no clear pattern emerged related to exam results in the sampled schools over the past couple of years, although there have been slight improvements at the Grade 8 level in all schools.

1.2   The schools: General information

Enrolment

Table 2 shows the number of students enrolled in each of the sampled schools during 2010/2011.

Table 2.   Enrolment in the sampled schools

Region	School	Grade	Number of students		
			M	F	T
AACA	The Globe	1–8	879	1,160	2,039
	The Sun	1–8	498	943	1,441
	The Upper	1–8	794	1,100	1,894
	Victory	1–8	1,128	1,529	2,657
Oromia NRS	Adoolessa	1–8	817	989	1,806
	Tokkuma	1–8	945	1,161	2,106
	Daandii	1–8	386	355	741
	Qorsaa	1–8	555	496	1,051
Somali NRS	The Addis Road	1–8	414	262	676
	The Inner-city	1–8	3,679	1,946	5,625
	The Hub	1–8	2,499	1,631	4,130
	The Border	1–8	383	279	662

Source: Data collected from schools.

Overall, the number of students enrolled in some schools such as the Globe, the Inner-city, the Hub, and Victory was greater than the average (extending from 500 to 1,500 in primary schools of the three regions) as they are located at the centre of the city. The school directors of the Inner-city and the Hub said that they believe the better facilities and the central location of schools in populated areas made them more attractive to students.

Table 2 also shows that in all the sampled schools of AACA, the number of girls far exceeds the number of boys. In the sampled schools of Oromia NRS, the number of girls is greater than the number of boys in urban schools, while the number of boys in rural schools is slightly greater than the number girls. In Somali NRS, the number of boys is greater than the number of girls in all the sampled schools.

Teachers

The age of the teachers in the studied schools varies from 20 to 50, while their qualifications range from a certificate from a teacher training institute to a first degree. Their experience ranges from one to 29 years in teaching. *Table 3* presents the number and distribution of teachers in the sampled schools. School-level documents show that all the sampled school teachers are on the government payroll, as confirmed by the school directors.

Table 3.   Number of teachers in the sampled schools

Regions	School	Grade	Number of teachers					
			2009/2010			2010/2011		
			M	F	T	M	F	T
AACA	The Globe	1–8	34	39	73	32	38	70
	The Sun	1–8	n.a.	n.a.	n.a.	30	43	73
	The Upper	1–8	45	44	89	39	41	80
	Victory	1–8	n.a.	n.a.	n.a.	27	57	84
Oromia NRS	Adoolessa	1–8	40	24	64	33	26	59
	Tokkuma	1–8	23	37	60	22	37	59
	Daandii	1–8	15	15	30	15	15	30
	Qorsaa	1–8	11	17	28	10	10	20
Somali NRS	The Addis Road	1–8	11	6	17	10	6	16
	The Inner-city	1–8	41	24	65	41	20	61
	The Hub	1–8				43	49	92
	The Border	1–8	10	9	19	10	8	18

n.a.: not available.
Source: Data collected from schools.

School infrastructure and equipment

The infrastructure of the sampled schools varied greatly:

- The sampled schools in Oromia NRS are very run down, mainly with broken or damaged but existing doors, windows, and walls which are constructed from local materials (wood and mud). All of the schools in this region have smooth and flat compound walls.
- Similarly, the sampled schools that were visited in Somali NRS have smooth and levelled school yards.
- The sampled schools in AACA, on the other hand, have no such infrastructure. Schools such as the Sun, and Victory in particular, have school yards that are not safe for children to walk in and play around because of their uneven and dilapidated

condition. In addition, as said previously, some schools visited in AACA are located next to an asphalt road; families, students, and teachers worry about car accidents when they cross the road. The research team observed that, of all the schools, Victory Primary School is the most turbulent because there is a market as well as a stone crusher located next to the school.

In all the three regions, schools that are in urban areas had amenities such as electricity and water, while the rural schools did not. In terms of equipment, such as computers and photocopying machines, schools in AACA were better off than those in the other two regions. The urban schools in Oromia NRS and Somali NRS had limited resources, for example computers, photocopying machines, etc., but the rural schools, both in Oromia NRS and Somali NRS did not have any such facilities.

School directors

All the schools have a school director and two deputies. The ages of the school directors in the schools which were included in the sample, range from 27 to 42. Their experience as school director ranges from one to 18 years, and their tenure in their current school from one to 10 years.

In Oromia NRS, of the four schools visited, two (Tokkuma and Daandii) were managed by women, whereas in the other two (Adoolessa and Qorsaa) the school directors were men and their deputies were women. As reported by the *woreda* education officer and town administration educational officials (TAEOs), such arrangements have been intentionally put in place by the region to encourage women to take on leadership positions.

PTAs/PSTAs

The internal functioning of these schools differs from one region to the other. In the sampled schools of Oromia NRS and Somali, PTAs play a key role. The PTA includes two teachers and five parents, one of whom is the chairperson. The treasurers and cashers of the schools are elected from members of the PTAs and are mainly teachers.

However, schools of AACA had PSTAs, rather than PTAs. PSTAs include students as well as parents and teachers.

School-level documents, as well as the official ministry guidelines (MoE, 2002) define the makeup of the PTA or the PSTA, where the number of members can vary from seven to nine (at least two teacher representatives and five parents elected by the community, including the chairperson). In the schools visited, among the members or chairpersons of the PTA or PSTA there were well-known community members, small business owners, government employees (civil servants), and representatives of other sectors of the community as well as students (in the case of the PSTA). It was noted that in the rural schools, there were both regular farmers and community representatives who are members of PTAs.

According to the chairpersons of PTAs in Oromia NRS and Somali NRS, as well as all four of the PSTA chairpersons in AACA, the function of their committees has been to identify and mobilize the parents' contribution to the development of their respective schools. They also assist the schools with a number of issues such as discipline and student absenteeism.

School management committee

It was noted by the research team that there was an additional decision-making body in the AACA schools, the SMC. This structure did not exist in the schools in Oromia NRS and Somali NRS. According to several actors, the SMC plays a very important role in managing all the activities of the schools. The SMC consists of the school director, the chairperson of the PSTA, the school's finance unit, and several other elected members. As reported by

all school-level actors interviewed, the school directors serve as chairpersons of SMCs. In AACA, the school-level actors portrayed this committee as an essential decision-maker for the functioning of the schools.

School improvement committee

The other important organizational structure, recently introduced through the General Education Quality Improvement Project (GEQIP), is the school improvement committee (SIC). SICs had been established in nearly all the schools visited. However, the degree of their functioning differed among regions, *woredas* and schools. Observations during school visits, reflections from various interviews as well as discussions held with teachers, revealed that the SIC members are relatively more active in Oromia NRS than in AACA and Somali NRS. In Oromia NRS in particular, the SICs drew up a plan, set their school's priorities, and discussed them with the school leadership and PTAs. In AACA, SICs were not very active at all. In some schools they did not have a well-defined plan, were established but not operational, and some members were not clear on their roles or the responsibilities of the SIC and its objectives. The research team realized this from the remarks of the participants involved in the interviews. For instance, in one of the schools visited in AACA, a teacher said, 'I was assigned as a member of the SIC by our school director last year. However, as a committee we did not come together more than two to three times. We have no plan or clear job descriptions'.

2. School grants: Purpose, policy formulation, and dissemination process

2.1 General information

Fee-free general education was officially introduced in Ethiopia in 1994 for Grades 1 to 10, with the purpose of creating equal access to education for all, as stipulated by the *Education and Training Policy of Ethiopia* (MoE, 1994a). While this policy assures the provision of free general education for all citizens, it also ensures the implementation of fiscal decentralization, creating conditions for schools to generate their own income, providing special support for the disadvantaged regions and girls' education (MoE, 1994a).

As a result of decentralization, the previous system of budget allocation, when funds were primarily controlled by the Ministry of Education (MoE) at the central level, has been changed. During the first wave of decentralization, the regional education bureaux (REB) took on the responsibilities of requesting and allocating an educational budget to their respective zones,[10] *woredas* and schools. The government in 2002 moved the decision-making authorities to the *woreda* level (second wave of decentralization) in conjunction with a new approach to educational financing named the *block grant* (MoE, 2002).

The *block grant* is a means by which the NRSs and city administration councils allocate a lump sum to the *woreda* or sub-city level. The *woreda* administrative councils or sub-city councils have become responsible for allocating the budget of all sectors, including education. The *Organization of Educational Management, Community Participation and Finance* directive (MoE, 2002) – also known as the '*Blue Book*',[11] developed by the MoE – states that, in principle, schools are expected to receive their recurrent budget based on the number of employees (teachers and administrative staff), and the running costs of the school based on the number of students enrolled and class size (MoE, 2002). The aim of the policy is to provide schools with a small, but regular and predictable income which they can use flexibly to cover operating costs based on their priorities.

In practice, however, part of the *block grant* amount (the running costs) that reaches school level has been reported to be exceedingly low (MoE, 2006), as will be explained later in this report.

In order to address the shortcomings of the *block grant*, the Government of Ethiopia and USAID launched a new comprehensive package, the General Education Quality Improvement Project (GEQIP), as a major endeavour to ensure the provision of quality education for its citizens (MoE, 2008). GEQIP is a comprehensive package with six major components: the Teachers Development Programme (TDP), the School Improvement Programme (SIP), the Civic and Ethical Education Programme, the Curriculum Improvement and Implementation Programme (CIP), the Information and Communication Technology Expansion Programme (ICTEP), and the Leadership and Management Improvement Programme (LMIP). The budget required to implement the GEQIP package was provided by a number of development partners, mainly: the International Development Association (IDA), the Fast Track Initiative Catalytic Fund (FTI CF), and other development partners (the Netherlands, the UK Department for International Development, Italian Development Cooperation, Swedish International Development Cooperation Agency, and the Finnish International Development Agency).

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10. A 'zone' is the administrative level in between the 'regions' and the 'woreda' in Ethiopia. Most regions are divided into several zones, but not all. In AACA for instance, the zonal and woreda levels coincide.

11. The *Blue Book* is also at times referred to as the '*block grant guidelines*' in the document.

In collaboration with these development partners, the Government of Ethiopia designed the *school grant* policy to uphold the implementation of the GEQIP and more specifically, the SIP. As one of the six GEQIP components, the SIP aims to enhance student achievement and by increasing the capacity of schools to manage change in the following areas: teaching-learning process, school environment, school leadership and management, and community participation. The principal rationale for the introduction of a *school grant* policy was to enhance the quality of education. School-level actors, mainly the school directors, SIC members, PTA and PSTA chairpersons and members, described *school grants* as a means of improving the teaching–learning process.

According to a World Bank project appraisal document (2008), the *school grant* is designed to provide minimum funds to all schools, both primary and secondary and Alternative Basic Education (ABE) centres to address at least what is prescribed in the *Blue Book* (MoE, 2002). Hence, the *school grant* policy was designed to fill the gap created by the shortfall of the *block grant* (MoE, 2009). All government schools, both primary and secondary, and ABE centres are eligible for *school grants* as long as they fulfil the requirements described in the *school grant* guidelines.

In contrast with the *block grant*, the size of the grant to be allocated to each school is only based on enrolment. The number of teachers and the class size are not taken into account. In principle, the *school grant* should reach the public schools (both primary and secondary) and ABE centres directly in the form of cash (MoE, 2009).

Although the guidelines were developed in 2008/2009, schools received funds from the *school grant* for the first time in 2009/2010. The guidelines stipulated that the *school grants* would be released twice a year, in August/September and January/February. The scheme was designed to provide support over a five year period (from the 2009/2010 school year to 2014/2015). The *school grant* guidelines document stated that, if successful and there is adequate funding, the programme may continue beyond this date (MoE, 2009).

2.2   Policy formulation process

The *block grant* policy was developed by the MoE and introduced together with the process of decentralization. The policy was then communicated to the various levels of the education system through the *block grant* guidelines developed in 2002.

Similarly, the *school grant* policy was formulated by the MoE in partnership with a number of development partners. The *woreda* and the school-level actors, such as school principals, PTA chairpersons, treasurers, students, and parents did not appear to be involved in the process of policy formulation of either the *block grant* or the *school grant*. The school directors and PTA chairpersons stated that, 'We were not consulted on the formulation of the *school grant* policy and we heard about it only during orientations for implementation'. This was the case in all the schools visited in Oromia NRS, Somali NRS, and in AACA.

2.3   Policy dissemination process

This section focuses mainly on the dissemination of the *school grant* policy. The *school grant* guidelines indicated that the dissemination of the policy was to be conducted in a variety of ways, including providing training programmes, organizing awareness-raising workshops, and dispatching formal letters (MoE, 2008). The requirements for the different levels of the education system and the Ministry of Finance and Economic Development (MoFED) were clearly defined. Accordingly, the Planning and Policy Analysis Department of the MoE was given the responsibility of managing issues related to the *school grant* policy. These responsibilities included translating and distributing the guidelines, organizing and providing training of trainers (ToT) at the regional level, facilitating conditions for transfer

of the grant, conducting surveys on the use of the *school grant*, and disseminating their findings.

Guidelines

Copies of both the *block grant* guidelines of 2002 and the *school grant* guidelines of 2009 were distributed to all schools. At the regional level, as in Oromia NRS and Somali NRS, the guidelines were translated into their respective local languages. The distribution of the guidelines seemed to be a mechanism for disseminating the policy and its mode of implementation. The MoE indeed planned to distribute copies of the guidelines to the various echelons of the system through the workshops organized at the different levels. *Table 4* shows the number of copies planned for distribution to each level.

Table 4.   Distribution of School Grant Budget Guidelines to the various echelons

Level	Number of copies distributed
MoE	500
REB/City administration	50 each
Zone	10 each
WEO	10 each
School/ABE	5 each

Official letters

Official letters were also dispatched from the education bureaux of the three regions to the zone or sub-city in the case of AACA and *woreda* levels. Similarly, the WEO dispatched official letters to all the schools. The WEOs and the sub-city EOs also provided training to school-level actors, such as school directors and PTA chairpersons.

Cascade training

The NRSs and city administration councils were given training on the *school grant* guidelines; they, in turn, trained their own officials. These training and awareness-raising programmes were conducted down the ladder of the hierarchy of the education system (regional, zonal, *woreda*, and school). The MoE was given the responsibility for organizing a ToT at the regional level for education officials, and the regional education bureaux (REB) were to organize training for zonal and *woreda* level individuals. Similarly, the zone education departments would provide training to the WEO, schools, and ABE centres. The school principals and PTA/PSTA chairpersons stated that their training related to *school grant*s was mainly given during the first year of its implementation.

Appreciation of dissemination of the policy by actors in the field

The education officials who were consulted in Oromia NRS, Somali NRS, and the ABE centres in AACA, as well as in their respective zones/sub-cities, *woredas,* and schools, were of the opinion that the dissemination of the policies were well planned and well communicated. They appreciated the efforts made in disseminating the policy through the provision of guidelines, workshops/training, and clearly articulated official letters. In all the schools visited, the school-level actors, the school directors, and PTAs/PSTAs in particular, also appreciated the efforts made in providing the training and its quality. One of the schools directors said: 'We were provided with adequate and practical training

before we started implementing the *school grant*. Particularly on what purposes the *school grants* are expected to be used'.

Nevertheless, knowledge of the *school grant* still varied between regions, *woredas* and schools. Some of the school-level actors such as treasurers, cashers, committee members, and teachers who are members of the SIC would still like additional training on finance-related issues. For instance, teachers who were members of the SIC in Somali NRS schools said: 'We need training on the use of SIP like the training received by PTA chairpersons and the school directors, as we are involved in it'.

3. Criteria and mechanisms for grants' distribution

3.1 Criteria

As indicated in the *Blue Book*, this allocation should be based on the size of the student population, the number of teachers, and class size (MoE, 2002). The size of the student population is the most crucial factor when allocating the *block grant* (MoE, 2002). The school director and the finance unit workers are relatively familiar with the details of the *block grant*, much more so than other school-level actors, such as parents, teachers, and students.

In contrast with the *block grant*, the size of the *school grant* to be allocated to each school is only based on enrolment. The number of teachers and the class size are not taken into account.

The degree to which school-level actors are aware of the *school grant* allocation criterion differs across the regions:

- In AACA and in Oromia NRS, the criterion used in allocating the *school grant* is well-known by those who are directly involved in its implementation, for instance the school directors, finance unit workers (treasurers and cashers), the chairpersons of the PSTA, and members of the SMC. On the other hand, some of the teachers, students and parents who were interviewed had no idea of the amount allocated per student.
- In Somali NRS, school-level actors had no common understanding of the criterion, except for school directors and chairpersons of PTAs. There were no teachers, parents or students who had a clear understanding of criteria and the amount that should be allocated per student. As a result, most of the participants were not able to describe the *school grant* amount allocated to their respective schools.

There were differences among schools regarding the actors' appreciation of the fairness of the *school grant* criterion. It was noted that schools with a large enrolment agreed with it. For instance, the directors of Victory primary school (in AACA) and the Inner-city primary school (in Somali NRS) said that 'The per student criterion is the best criterion for the allocation of the *school grant*', whereas the directors of the Border primary school (in Somali NRS) and Daandii primary school (in Oromia NRS) – both schools with a small number of students – claimed that 'The per student criterion is not fair to allocate the *school grant*, we suggest that the conditions of the schools also be considered'. Furthermore, as the *school grant* allocation has been based on the number of students enrolled in each school in the previous year, schools need to have strong plans and reporting systems, a fact that has been noted by both school-level actors and finance officials. Such reporting systems are rarely in place, and this is another reason to question the choice of the criteria.

3.2 Mechanisms

The transfer mechanisms of both grants to each school are similar across the country. It was learned that a key player in the process is the MoFED. All information on the schools must be passed on, through several echelons, up to this ministry which is responsible for releasing the funds back down to schools.

Schools prepare and submit the total number of their student population (the previous year's data) to their sub-city or *woreda* education office, which consolidates the data from all the schools and submits them to the regional education bureau. In turn, this education

bureau combines the same school data and submits them to the city administration or *woreda* finance and economic development office (FEDO), which then pass them on to the MoFED. Following this process, the *school grant* budget which is to be allocated to each school passes through the various levels of MoFED to reach the school account.

Block grant

According to the *Blue Book*, the regional level allocates the *block grant* directly to WoFEDO (MoE, 2002). This administrative level is then tasked with managing the distribution between schools.

To receive the *block grant*, schools are required to prepare annual plans at the end of each school year for the following year and have them approved by their respective KETBs. The plans are collected from each *woreda*/sub-city school and a w*oreda*/sub-city level education plan is prepared by integrating the data from those schools according to their own plans, and then submitted to the *woreda*/city FEDO, which consolidates the plans. The *woreda*/city FEDO determines the resources to be allocated (the *block grant* from the region in addition to their own revenues) to each sector, including education. It analyses the education sector plan based on the *woreda*/sub-city development plan (aligned to the regional development plan), the *woreda*/sub-city education development plan, and the previous year's allocation and performance. The FEDO then prepares a consolidated budget (including education), which has to fit within the resource envelope indicated by the region. The budget is examined and the final budget is approved by the *woreda*/sub-city council; each sector is informed of its final allocation. The WEO or the sub-city education office considers its allocation and requests each school to set priorities for its activities/plan even though resources are lacking to cover all the needs.

According to the budget section head of the sub-city FEDO from AACA, 'Schools should prepare their respective plan and submit it to us. We give them cash flows each month according to their plan'. According to one school director, the actual provision of the *block grant* to the school has never followed the 2002 government guidelines for the *block grant* budget. Although schools are requested to come up with their respective annual plans, they usually cannot get the requested budget. One school director interviewed stated that, 'The *block grant* allocated to our school does not match with our plan. We are not consulted when the funds are allocated. On the contrary, they frequently request us to revise our school's plan based on the allocated funds'. This was also confirmed by officials at the *woreda* level: 'Usually schools express their needs in their budget planning, but their requests are actually determined in relation to the needs of the other schools and the actual *block grant* budget, i.e. the financial capacities of the *woreda* administrative council'.

The implementation of these procedures differs however between the regions studied, as explained in the following paragraphs.

In Oromia NRS and Somali NRS, it was learned that responsibilities regarding the management of the funds are divided between the WEOs and the school. Capital and salary components are to be managed by WEOs, and non-salary recurrent expenditures by the schools. Therefore, only the budget of non-salary expenditures should reach the school, the rest is kept and managed at the *woreda* level. The *block grant* amount that reaches the school level was therefore in many cases in the Somali and Oromia NRSs reported to be exceedingly low, if not almost zero (MoE, 2006).

In Oromia NRS, only a very small amount of the *block grant* reaches the school level. However this is only in kind and not in cash: the reasons put forward by the WEO heads were that the schools do not have the capacities to conduct a purchase, which is done by the WoFEDO. The WEO head explained, 'The schools have no finance office, and thus no support staff who can manage the finances at the school level'. School-level actors

confirmed this, indicating that schools were required to submit their needs to the WoFEDO. Thus, 'The school's *block grant* is managed by the WoFEDO, but schools know their entitlement, and receive the inputs in kind on the basis of their requests to the WEO' (WEO head).

However, in Somali NRS, the *block grant* budget for non-salary expenditures does not reach the school level. The school directors and chairpersons of PTAs interviewed said, 'As far as we know the *block grant* does not reach the school level though we do not know why it fails to'; 'Our school has no *block grant* in the form of running costs'.

On the whole, all the directors interviewed in both regions considered the financial resources allocated by the government through the *block grant* to be scarce and insufficient to carry out their duties properly. This is despite the fact that the *block grant guidelines* had affirmed that, if schools could not get at least 75 per cent of what is indicated in the guidelines, they could not function properly. The very wide gaps between the needs expressed and the funds allocated led one WEO head to say: 'Where is the *block grant* you people are talking about, except the salaries we pay for teachers?'

In AACA, it appeared that the guidelines of 2002 were more adhered to and the entire block budget (both salary and running costs) reached the school level. As explained by AACA primary school directors and finance heads, *block grant* funds are directly deposited into the respective school bank accounts and then managed by the directors, the school finance unit workers, and the SMC.

Table 5.   The level at which the block grant is managed

Regions	Block grant management
Addis Ababa	· Both salaries and the running costs (non-salary expenditures) reach the school level
Oromia	· Schools get the *block grant* (running costs) in kind (not in cash) · Salaries are paid at the *woreda* level
Somalia	· The *block grants* (running costs) do not reach the school level · Salaries are paid at the *woreda* level

In all the schools visited, the salaries of teachers were covered by the *block grant*, whether the teachers were given it directly from their schools in the form of cash, as practised in AACA, or through payment by the *woredas*, as in Oromia NRS and Somali NRS.

In any case, the system is not transparent, as observed by school-level actors, since schools do not usually receive accounting evidence of expenditures that have been made on their behalf.

School grant

In principle, the *school grant* funds should be transferred to the school level in two instalments: the first in November and the second in January. According to the guidelines, the Planning and Policy Analysis Department (PPAD) at the MoE is responsible for the success of the *school grant* programme at the federal level. The PPAD liaises with the MoFED to calculate and then transfer funds to the regions. The funds go from the MoFED to the REB, and then to the *woreda*/sub-city FEDO, which distributes the funds to schools. The REB prepares the list of the schools and the amount of the *school grant* each school is entitled to and sends it to the sub-city office. In order to be provided with the first phase of the grant, the schools are required to submit a plan and for the second phase of the grant, both the plan and financial report of the first phase of the grant utilization. The

southern sub-city finance head said that, 'Once we get the list from the REB and these required documents, we transfer the money to schools without any delay'. He further explained that, 'There are no delays with the first instalment, but there can be with the second one, as some schools might not report the utilization of the fund allocated to them in the first phase in time'.

The school-level actors were quick to point out that they would prefer to receive the grant in one instalment, which would be transferred directly to the school account. One school director interviewed said, 'I would prefer getting the *school grant* that is deposited to our school account directly and in one instalment'. Another school director agreed: 'If schools were to get the grant in one instalment and it were directly deposited in their account, this would help to develop an intact plan on a timely basis'.

Once the funding is at the REB, the *school grant* can be then transferred by cheque to the accounts of the schools from the local FEDO, whether *woreda* or sub-city, and the money is withdrawn by the schools with the signatures of school actors. In most cases, these were the PSTA chairperson, the director and the school's finance head. However, in Oromia NRS, the PTA chairperson and the treasurer of the schools sign and open the school bank account and approve each withdrawal and the use of funds. In Somali NRS, schools did not have their own finance offices, so cashers elected amongst the members of the PTA were also authorized to withdraw funding. Furthermore, the rural schools in this region generally had no access to banking services, so the *school grants* are withdrawn from the WoFEDO with the signature of the school director, the school casher and PTA chairperson of each school. One WEO head said 'With the *school grant* allocated to the '*Das*' [temporary] schools, our office purchases materials according to their plan and deposits them in the store of the WEO. Then, the rural schools (mainly the *Das* schools) withdraw these materials to use them for their respective school's improvement as per their plan'. A school director added: 'Though the *school grant* guidelines encourage the use of bank accounts, we have no other option as banking services are not available in our context'.

In reality, the amount acquired from the WoFEDO is less than what schools expect, and this is always less than what is stated in the *school grant* guidelines. One of the school directors has said, 'The *school grants* amount that has been received by our school so far does not fit to the number of students enrolled'. As one school director in Somali NRS said, 'It has been always less than the amount that we expect to acquire'. Another director said that, 'I was told that the criterion for determining the amount of the *school grant* was the number of pupils in the school, but the amount allocated to our school has never been based on the number of students we had. It is far below the school's enrolment. The people working at the *woreda* and the regional level should explain to us how the *school grant* was allocated'. On this matter, the WEO head said, 'I am not sure but I guess the reason for such a problem has been the use of incorrect data/information'.

4. The use of school funds at the school level

4.1 Sources of the school budget

According to the *Blue Book* (MoE, 2002) and *School Grant Budget Guidelines* (MoE, 2009), the main sources of school funding can be the *block grant*, the *school grant*, community contributions, support from NGOs or other external donors, and the school's internal income. This was confirmed by most school-level actors, mainly school directors, teachers, and school treasurers. This section examines the contributions received from the community and the schools' internal income

Contributions from the community

All government policy documents reflect the fact that the government alone cannot shoulder the immense educational expenditure of the country. Communities are expected to play a vital role in supporting the education system and their respective schools. The *Education and Training Policy* (MoE, 1994*a*) and the *Education Sector Strategy* (MoE, 1994*b*), together with the capacity building strategy and programmes, maintain that community participation should play an important role in financing education. In this respect, the *Block Grant Guidelines* (MoE, 2002) serve as a legal background for schools to mobilize their respective communities.

Although general education (Grades 1 to 10) is free of compulsory fees, as stipulated in the *Education and Training Policy* (MoE, 1994*a*), communities are encouraged to support schools voluntarily in the form of cash, kind, and labour. Also, as expressed by the school-level actors, though the main source of the school budget is the government, inadequacies and irregularities of educational finance have led the schools to look for alternative sources – support from the PTA, from parents and the general community.

According to the school directors and the chairpersons of PTAs/PSTAs, children of poor families who cannot afford to contribute will not be forced out of school. Failure to pay contributions never leads to exclusion, even though parents who cannot afford to pay are expected to provide evidence of their economic need from the local authorities. All the school-level actors and parents agree with this idea and students also witnessed that no students have been expelled from the school because of difficulties faced by their parents in contributing to the school.

Directors and other school-level actors who were interviewed noted that PTAs/PSTAs have mobilized resources for purchasing basic equipment and materials, hiring contract teachers, and building classrooms and schools. Similarly, another student interviewed said, 'My parents agreed during PTA meetings with the other parents and teachers to build toilets for the school'. The school directors, the chairperson of the PTA, and the parents who were interviewed in the sampled schools of the three regions all said that these contributions were based on voluntary decisions; parents themselves make the decisions with the initiatives taken by PTAs/PSTAs.

Woreda officials confirmed that the community contributes to development activities at the schools. One *woreda* education officer said: 'The community provides sand and water and labour in the actual construction of school blocks'. They all agreed that parents contribute to the school activities by doing what the PTAs and the school management ask them to do for the school.

The contribution of parents varies from region to region and from school to school. Contributions can range from a minimum of ETB 10 per pupil ($0.5) in one school in Somali NRS to a maximum of ETB 150 per pupil per year ($8.1) in Oromia NRS. There were some schools in AACA who charged ETB 100 per pupil per year ($5.4).

In general, the contribution of parents is quite significant compared to the overall grant budget and even more meaningful compared to the recurrent grant budget. As observed in school-level financial documents, much of the contribution is used for renovation, classroom construction, fences, and similar items. For instance one student proudly said, 'My parents are part of this school because they helped to build that school block by providing local materials – stone, wood, and water. They also tell me to take care of this building as they suffered when erecting it'.

The data from Oromia NRS show that community contributions continued to be significant mainly for the expansion and maintenance of school infrastructure. Running costs of the school could not be covered by the *school grant* alone and schools need the continued support of parents and the local community.

However, some school directors and chairpersons of PTAs/PSTAs said that certain schools have reduced their insistence on parents' contributions. One school in AACA and two schools in Somali NRS stopped parents' contributions altogether after the implementation of the *school grant*. For instance, in Somali NRS, community contributions to the expansion of school infrastructure are less common or do not occur on the same scale as in the rest of the country. Since the *school grant* in Somali NRS is used for covering utilities and buying stationery, schools found that it was sufficient to cover these costs. This was confirmed by one PTA chairperson in a school in Somali NRS: 'Although parents used to contribute money to the school before the implementation of the *school grant*, since the implementation of the grant in 2009/2010, they are not making contributions'. He further noted, 'Parent contributions were used to cover the running costs of the school, which is currently covered by the *school grant* and thus the PTA stopped making a contribution'. This was also confirmed by the PTA chairperson, teachers, and students who were interviewed in the school.

In other schools, they stopped asking parents for their contribution for a while after the implementation of the *school grant*. The school directors reported that they decided to give their respective communities some time out as they now use the *school grants* to solve their major problems. There was a case in one school in AACA where the community contribution stopped for some time and then resumed.

Internal income

As described by a number of school directors, the major sources of internal income are from the sale of vegetables produced in school gardens, tea and coffee sales, and other recreational activities. Others reported a variety of different income-generating activities, including the sale of grass and trees, night school, and school farming which serves the schools.

Under government regulations on financial management, until recently, schools – as public institutions – were supposed to return revenues they generated to the treasury. This constituted a significant disincentive for schools to undertake any revenue-raising activities. Currently, however, schools have kept their internal revenues but their status is still unclear. Interestingly, in Oromia NRS and AACA the research team found that the regional cabinet has issued guidelines officially entitling schools to raise revenues and keep them at their level. However, there are no common guidelines across regions and schools concerning internal revenue.

In some schools, the level of internal income was reported to be extremely low, while in others it was slightly higher. It is evident that some schools have only limited sources of internal income while others generate no internal income at all. For example, in two rural schools in Somali NRS and one school in Oromia NRS, there were no internal sources of income. These schools had no land, water, or facilities that enabled them to generate any internal income.

Where schools did have access to their own revenues, they report on the use of these funds to parents and the community through the PTA. Schools have more discretion with regard to day-to-day inputs, such as stationery, which they pay from their own revenues. However, there is still some uncertainty concerning these revenues as well.

Usually decisions on the use of the school's revenues are made with the involvement of the PTA. *Kebele* and *woreda* education and training boards are reported to be involved, especially when making decisions for the expansion of school infrastructure, but such decisions appear to be more marginal.

4.2 The school grants: Amount and implementation

The *Blue Book* recommendations fix the size of the *block grant*, as indicated in *Table 6*.

Table 6. Block grant allocation per pupil per year at different levels of primary school

Grades	*Blue Book* recommendations
1 to 4	ETB 15 per child enrolled ($0.8)
5 to 8	ETB 20 per child enrolled ($1)
9 and 10	ETB 30 per child enrolled ($1.6)
11 and 12	ETB 65 per child enrolled ($3.5)

Source: MoE, 2002.

Table 7 indicates the amount allocated per student for the *school grant*. These amounts were well-known by school directors and treasurers.

According to the *School Grant Budget Guidelines* (MoE, 2009), the MoE is expected to provide *school grants* to all schools, at an agreed minimum level. The guidelines also state that the minimum grant to be allocated for each pupil enrolled in all schools is set at the federal government level. The document encourages *woreda*s to provide additional funds to meet the level recommended by these guidelines (MoE, 2009).

Table 7 School grant allocation per pupil per year at different levels of primary school

Grades	GEQIP *school grant* allocations
1 to 4	ETB 15 per child enrolled ($0.8)
5 to 8	
9 and 10	ETB 20 per child enrolled ($1)
11 and 12	

Source: MoE, 2009.

The information gathered from all the schools sampled in AACA revealed that schools have been receiving the *school grants*. Schools in Oromia NRS reported that they were also receiving them, but with occasional delays. Actors in all four schools in Somali NRS reported even more serious delays.

These actors complained that the amount they receive is not aligned with the rising price of goods. The school directors in all the regions felt that, 'Considering the current increase in the price of goods, the increment of the *school grant* is small'. Some actors, such as school directors and chairpersons of PTAs/PSTAs, clearly indicated their views by saying, 'We know that the government has already increased the *school grant* amount (per head). Nevertheless, what has been increased is not proportional to the increase of the price of goods and services'; 'We can buy only a few items with what has been allocated as the *school grant* and hence the increase is not yet proportional to the problems our schools face'.

4.3 The decision-making process of school grants at the school level

In accordance with the MoE guidelines (2002), schools in Ethiopia are expected to be managed through a shared leadership process by the directors, deputy directors, and PTAs/PSTAs, who represent the wishes of their respective community members. School directors carry out the day-to-day administration and are responsible for coordination and efficient management. The deputy directors, department heads, and unit leaders help the directors in academic and administrative decision-making.

Block grant

In the case of the *block grant*, the school directors who were interviewed observed that decisions related to its use are made by them.

Schools are required to prepare annual plans at the end of each school year for the following year with PTAs/PSTAs and have them approved by their respective KETBs, which are then submitted to the sub-city FEDO through the WEO or sub-city EO. As articulated by *woreda* and sub-city education officials, schools are required to develop their school plan by setting their own priorities. As school-level documents have shown, the school-level plans include school requests for new teachers and for infrastructure development, textbooks, and the school's day-to-day functioning.

In most of the schools, the community is not actively involved in the management of these funds. A chairperson of the PSTA confirmed: 'We are not involved in managing the school budget which is allocated by the government to schools. It is the responsibility of the school director to manage the fund. Our responsibility in this regard is only to advise the school management to use it properly'. Members of the SIP also confirmed this: 'Because the *block grant* is mainly used for salary payments, for buying stationery and payment of utilities, settling these issues is the responsibility of the school director and the finance staff of the school'.

School grant

In the case of the *school grant*, several actors are involved in its implementation. One SIC member explained the basic process as follows: after the announcement is made by the school director on the amount, the *school grant* arrives at the school level, teachers usually meet with their respective departments to identify problems and set priorities. The SICs, found to be active in many schools, then collect these priorities and discuss them either with the SMC, as in AACA, or with the PTAs, as in Oromia NRS and Somali NRS. Together, these committees decide on a list of priorities for their respective schools.

PTAs

According to the *School Grant Budget Guidelines*, PTAs should be key decision-makers in deciding the use of the grant. PTAs are obliged to examine the context of their specific school, and have the authority to spend the grant on the areas listed in the *school grant* as priorities. One school director said: 'The PTA plays an integral role in assisting the school function well. PTAs play many roles, including involving parents in the school's decision-making, promoting communications, and contributing resources for the school'. According to some of the school-level actors interviewed, PTAs work closely with the school principals and SMCs in managing both the funds contributed by parents and the *school grant*. A PTA chairperson noted that the PTA is responsible for the effective mobilization of resources and for offering competent leadership for community participation in education. The majority of actors interviewed said that the cooperation of PTAs with school management has been very good. Overall, in all the schools visited, PTAs and PSTAs have been actively involved in both school management and *school grants*.

PTA chairpersons are signatories of the *school grant* cheques in their respective schools. They are therefore involved in deciding on the activities to be funded by the *school grant,* setting priorities and controlling expenditures.

However, the independence of PTAs is questionable in some schools, as many of those interviewed stated that the school director plays a dominant role in their meetings in the decision-making process.

School management committees and school improvement committees

The personal and institutional arrangements involved in school-level decision-making vary substantially among the regions, and do not necessarily reflect the level of authority allocated to the school by the guidelines. For instance, although the guidelines make no mention of the role of SMCs (mainly in AACA) and SICs (in the other two regions) in the administration of both the *block grant* (MoE, 2002) and the *school grant* (MoE, 2009), these committees have always functioned well and contributed to the good management of the grants at school level. SICs consist of all department heads, the directors, deputy directors, and PTA chairpersons, as well as representatives of both PTAs/PSTAs. According to one member of a SIC, 'The responsibility of the SIC is to identify the major school problems, suggest solutions to the problems, present them to the school management committee to prioritize the problems and follow up the interventions to solve the problems'. In this school, the SIC has regular meetings once a month and also conducts meetings with parents, teachers, and students at the beginning and end of the year. He added that, when necessary, the SIC also has meetings with the PTA and the SMC.

In AACA, SMCs have enjoyed relatively strong administrative power such as over the internal management of the schools. According to the directors of the AACA schools, the SMC oversees the proper implementation of *school grants*. One noted: 'The SMC supports the principals and the PSTA in the implementation of the *school grant* and recommends additional resources to be raised by parents to improve the quality of education provided by the school'. The SMC also manages the maintenance of school property and buildings. One SMC member also confirmed this: 'The SMC plays a key role in the overall management of the *school grant*. It deals with both academic and non-academic affairs of the school. The principal only implements what is decided by the SMC'.

When asked about the difference between the SIC and the SMC, the director of one school replied: 'The SMC is responsible for all managerial, administrative, and also academic issues, while the SIC is responsible for school improvement alone, which it facilitates'. Another director confirmed: 'The SIC serves as an advisory committee to the principal. The SIC plays a key role in the improvement of education of children, bringing together teachers and the school community to collaborate on the improvement of their school'. According to most of the directors and SIC members who were interviewed, the SICs work collaboratively with the school leadership to develop and implement the annual school improvement plan, monitor and evaluate success in reaching the plan's goals and objectives. Most of the teachers interviewed also said 'As members of the SIC we work with the support of the SMC'.

However, these committees were not reported to be functional in all schools. In Somali NRS primary schools, the SMCs were either weak or not functioning. One teacher interviewed said: 'We only hear that the school has a school management committee, but we never saw the committee members being involved in any decision-making process of the school. What we see is the school director and the PTA chairperson making all the decisions of the school'. With the exception of the school director, all teachers and students interviewed in this school considered that the necessary structures were not in place for the implementation of the *school grants* and that there was a definite lack of transparency in the school. One teacher said: 'The school does not have a school

improvement committee or a finance committee and the SMC of the school is also not functional'. One teacher, who is a member of the SMC, added: 'The school management committee members are not consulted on how to use the *school grant* money'. One of the SIP committee members said, 'As a teacher I have to know every detail but frequently we hear just what has been done in the form of a report and thus our involvement is non-existent'.

Wider community engagement in the decision-making process

The *school grant* guidelines also specify that, 'Parents and the general community will play a vital role in deciding to what extent schools use the *school grant* to improve the quality of education provided to their children'. Parents and community members have a vital role to play in deciding how the *school grant* will be used to improve the quality of education of their children. School principals, teachers, students, and parents (through PTAs) are expected to participate in the entire process of decision-making – primarily in identifying problems, setting priorities, planning, implementing, monitoring, and controlling their school activities.

These guidelines seemed to be followed in the field, as school directors, chairpersons of PTAs/PSTAs, and SMC members all stated that the decision-making process on the use of the *school grant* involves even more actors than only the PTAs and the other committees.

One school director told researchers, 'There has been a strong relationship between the school and the community. As you can see at this school there are school blocks constructed by the community. The community is also currently contributing money for constructing additional classrooms for the next academic year, being motivated with the improvement of their respective schools'.

In case they are unsure how to become involved, parents are asked to contact the WEO (through PTAs) if they require any support in implementing the *school grant* or if they have questions or concerns about the *school grants*. Parents were mostly positive about their level of participation, as one said: 'As parents, we are represented by PTA members and we are also regularly involved whenever we are consulted'.

5. The use of the school grants

The guidelines for both the *block grant* (MoE, 2002) and the *school grant* (MoE, 2009) specify how each grant should be used, but only define wide budget lines.

As discussed, at the school level, the *block grant* budget is expected to cover recurrent expenditures, that is to say salaries and running costs. In Oromia NRS and Somali NRS, the salaries of the teachers were managed at the *woreda* level and in some cases the running costs as well. There were only a few cases in these two regions where the school was delegated the task of managing its own running costs.

As for AACA, the *block grant* was entirely managed by the school, according to defined budget lines. The sub-city FEDO allocates the *block grant* to the school with defined budget lines, which include salaries, purchase of supplies, and other school costs. In contrast with the other two regions, teachers and other support staff collect their salaries directly from the school and the purchasing of stationery and other educational materials is also made at the school level. One school treasurer said, 'We use the *block grant* and keep records based on the rules and regulations of finance, in fact under the control of our school director along with SMC decisions'.

As discussed, the *school grant* should be used to improve the provision of quality education, with a focus on GEQIP and SIP related items: the teaching-learning process, the school environment, leadership and management, community empowerment, student achievement, and schools' capacity to manage change. Each school and ABE centre can use their grant for the priority areas that will have the greatest impact on the quality of education in their school.

School-level actors have a good knowledge of those areas that should be covered by the *school grant* and those that should not. According to the guidelines, six items are excluded from the list of expenditures with the *school grant*: construction of new classrooms or buildings (construction of toilets is however permitted), purchase of televisions and DVD players, payment of salaries and per diems, payments to individuals, and purchase of fuel or weapons. The majority of school-level actors interviewed were aware of these restrictions but several complaints have emphasized the overly restrictive nature of the guidelines. The director of one school said, 'Any expenses outside the *school grant* guidelines are never approved by the sub-city finance office and never attempted by the school as we cannot get the next payment released'. They objected to some of these restrictions, such as the purchase of certain electronic materials and payments to individuals.

School-level actors have reported that the largest share of the *school grant* goes towards the improvement of school activities (the teaching-learning process, the school environment, and facilities). One school director said, 'The *school grant* is used for all the expenses related to the improvement of the teaching and learning activities. It is used to purchase books, reference materials, pens, materials for the preparation of teaching aids, and the like. It can also be used to repair classrooms, desks, etc.' In most cases, the grant has been used according to the *school grant* guidelines (MoE, 2009). One exception to this was observed in some schools in the Somali NRS region, which used part of the *school grant* for utility expenses.

It is important to highlight that variations were observed in setting priorities among the three regions and across schools:

• In AACA, the *school grants* have been mainly used to establish laboratories and libraries equipped with almost all the required facilities, for instance purchasing reference materials, and establishing information and communications technology (ICT) centres.

- In Oromia NRS, all the schools visited invested a major share of the *school grant* in maintenance of buildings, classrooms, and furnishings. It was noted that, foremost, the funding was geared into maintaining the wall of schools to prevent dust, wind and rain water from leaking and directly entering the classroom. This was seen as a key priority in the school. According to a school director, 'The lion's share of the *school grant* in the school goes to the maintenance of school buildings'. This was confirmed by the PTA chairpersons, students and other school actors and witnessed by the research team while visiting the maintained classrooms. For instance, one school in Oromia NRS allocated 70–80 per cent of the *school grant* to school maintenance and office furniture. Schools in Oromia NRS also used the *school grant* money for the general renovation of classrooms, construction of toilets, purchase and maintenance of furniture (table and desks), and the purchase of stationery.
- Similarly to Oromia, in Somali NRS schools visited reported that in 2009/2010 their *school grant* was used for maintenance (45–50 per cent), for improving the school environment (30–35 per cent), and for toilet construction (15 per cent). In 2010/2011, they only changed the orientation of their allocation from toilet construction to kindergarten maintenance. Variations in the use of the *school grant* were also observed between urban and rural primary schools in Somali NRS. The urban schools used the *school grants* for settling their utility bills (electricity, water, and telephone), whereas the rural schools used the grant for renovation and purchase of stationery. The school documents confirm that the grant money is used for this expenditure.

However, all school-level actors interviewed have expressed concern regarding the speed of spending including the time it takes for funds and materials to reach the school, but none gave detailed information on the length of these delays. The share of spending also varies from one school to another and from one quarter to the next, based on the plans and priorities of the schools, as illustrated by *Tables 8* and 9.

Table 8.   Items on which the school grant was used in the different regions

Regions		Items
AACA		Equipping science laboratories, library facilities, purchasing reference material, equipping ICT centres
Oromia NRS		Renovation of classrooms (mainly), construction of toilets, purchase and maintenance of furniture (table and desks), purchase of stationery
Somalia NRS	Urban	Settling utility bills (electricity, water, and telephone), purchase of stationery and toilet construction
	Rural	Renovation and purchase of stationery

Source: Data collected from schools.

Table 9.   Expenditure for two schools in AACA

School A	Maintenance	ETB 5,936.19 ($322.2)	20.16 %
	Construction	ETB 1,391.31 ($75.5)	4.73 %
	Stationery	ETB 7,178.40 ($389.7)	24.38 %
	Instructional materials	ETB 14,939.10 ($811)	50.74 %
	Total	ETB 29,445 ($1,599)	
School B	Health and physical education	ETB 10,700 ($581)	43.87 %
	Maintenance	ETB 8,200 ($445)	33.62 %
	Laboratory equipment	ETB 4,300 ($233)	17.63 %
	Books and materials	ETB 1,190 ($64.6)	4.88 %
	Total	(ETB 24,390; $1,324)	

Source: Sub-City Education Office in AACA.

6. Monitoring and control of use of the school grants

6.1 Internal control

In general, internal control of schools was observed to be carried out by various people such as the school directors, the chairpersons of PSTAs/PTAs and SMCs, as well as by school finance workers (treasurers and cashers).

In AACA, *block grants* are primarily managed and controlled by the school directors, school finance office workers, and the chairpersons of the SMCs. PSTAs are also part of the internal control through their chairperson who is a member of the SMC. The SMC is involved in controlling every aspect of the school finances.

In Oromia NRS, as the *block grant* reaches the school level only in kind, there is little monitoring which can be carried out. After materials are purchased and delivered to schools, the internal controls are usually conducted by the school directors, chairpersons of PTAs, school treasurers and cashers.

As schools in Somali NRS do not receive the *block grant*, their involvement in the monitoring of the funds was not discussed.

The *school grant* guidelines (MoE, 2009) stated that the schools should post the amount they receive on the noticeboard located in a public place that is clearly visible in each school. They should also post reports on how the grant was used so that the entire school community, including parents, has equal exposure to the information on the amount of the *school grant* and how it was used. In practice, however, with the exception of two schools in AACA, the remaining 10 visited schools did not post the amount of the *school grants* allocated to them or report on how they were spent. This was confirmed by the chairpersons of PTAs and PSTAs, teachers, parents, and students. School directors and PTA/PSTA chairpersons who were interviewed reported that this information was only communicated during school-level meetings.

In AACA, monitoring and control of parents' contribution and the school grants is overseen by the PSTA. In some schools, the research team also came across teachers who said that they observe and monitor the school's expenditure and sometimes question when they feel 'things go wrong'. They said that as a result the school management, particularly the directors and the PSTA chairpersons, provides them with explanations and shows them financial evidence. Internal management and control of the *school grant* are carried out by the finance section workers (treasurers and cashers) and the chairpersons of PSTAs. In one school in AACA, PSTA members confirmed: 'We check and control the expenditures made in our school'. The head of finance also stated that, 'Whenever we make disbursements, we report to the SMC and PSTA which in turn report to parents and teachers'.

In Oromia NRS, the chairpersons of PTAs are signatories of the *school grant* cheque, and are therefore directly responsible for ensuring its proper allocation and utilization. All the school directors and the chairpersons of PTAs in the schools visited said: 'We have elected cashers and treasurers who are directly responsible to record and control our school's financial transactions in general and the *school grants* in particular'. According to school-level actors, parents, teachers, and students were also involved in the internal control of school finances in various ways. For instance, one of the parents interviewed said, 'As parents we usually – at least two times in the year – hear reports presented to us by the school director and the chairperson of the PTA. We ask questions and sometimes

challenge them if we find it appropriate. This is how we control our school's resources in general and our contributions in particular'.

In Somali NRS, the internal controls of the *school grant* are carried out by the school director, the chairperson of the PTA and – similar to practice in Oromia NRS – the school finance workers who are also elected from among the PTA members. The school treasurers described their role as follows: 'We usually control financial transactions, prepare financial documents, prepare financial reports, and settle payments'.

6.2   External control

The system of external control in place for both the *school grants* and *block grants* was similar in all three regions. The guidelines state that the REBs and bureaux of finance and economic development (BoFEDs) are in charge of ensuring the success of the implementation of the grant programmes in their respective regions, and the WEO and the *woreda* finance and economic development office (WoFEDO) in each *woreda*. The WEO/sub-city EO, in collaboration with the WoFEDO, provides both professional and technical support to the allocation and utilization of the *school grants*.

Most school-level actors confirmed, 'We were given training and advice on how to use and report the *school grants* from time to time by supervisors coming from the *woreda* or sub-city and town administration level'.

A difference was related to the presence of an extra actor – a *school grant* focal person – at the district level in Oromia NRS, overseeing the process. In addition to the regular supervisors, woredas and town administrations in Oromia NRS had been assigned this individual, responsible for providing such support, controlling and monitoring *school grant* implementation, and overseeing its reports. In this region, the *woreda* EO had assigned this focal person as a resource person to provide support on the utilization of *school grant*. The focal person for *school grant* described some of his roles as follows, 'I provide support to school-level actors in setting priorities, implementing their plan, settling their finances, and understanding the guideline for the *school grant* implementation'. Based on information gathered in Daandii school, the focal person assigned by the WEO plays a vital role in external control by conducting follow-ups and analysing reports sent by the school.

Each school visited knew what had been allocated to other schools as they are officially communicated the allocated amount of *school grants* to all schools in the WEO or sub-city EO.

In all the regions, it was clear that unless the proper use of the *school grant* is verified by the sub-city or *woreda* FEDO, the next *school grant* is not released.

In AACA, schools are required to produce a monthly report on the use of the *block grant* budget. As for the *school grant*, according to a school treasurer in AACA, schools are expected to prepare financial and activity reports at the end of each phase: 'We usually prepare the *school grant's* utilization report and submit it to the sub-city finance office for verification. Following this, we also prepare our plan for the next phase of the *school grant*'. School-level actors and the sub-city EO head confirmed that subsequent *school grant* budget is based on previous performances and the school's future plans. Another school director said, 'At the end of each phase of the *school grant*, we send the original receipts of the *school grant* expenses to the sub-city FEDO together with the grant utilization report. Then the sub-city FEDO checks the accuracy and proper utilization of the *school grant*. So far we had no problem in this regard'.

The sub-city finance office auditors indeed verify the reports and supporting documents of the *school grant* expenditures. Annual audits are also conducted by the sub-city FEDO auditors at the end of the fiscal (budget) year, on 30 June. According to the sub-city EO head, the sub-city and cluster-level supervisors conduct regular visits and produce reports

regarding the use of this grant. They also track and control the allocation and use of the *school grants* as an external body.

As indicated by the sub-city EO head, 'During the 2010/2011 fiscal year no school was denied the next instalment due to improper utilization of the *school grant*'. This was also supported by the remarks of school-level actors: 'We did not face serious challenges with regard to utilizing, reporting, and auditing of the *school grants* allocated to our school'.

In Oromia NRS, the WoFEDOs have been responsible for the external control of the use of the *block* and the *school grants*:

- In terms of the *block grant*, and as explained by the school directors, the *woreda* and TAEO officials, schools should report to the WoFEDO on a monthly basis.
- The WoFEDO auditors audit the *school grant* through reports supported by financial documents. In addition, they conduct an overall audit at the end of each fiscal year. The WEO, TAEO, cluster-level supervisors, and the focal person at the WEO are involved in the external control for the *school grant* as well.

In the case of the Somali NRS, as the *block grant* was not received by schools, external control could not be covered in the interviews. As for the *school grant*, it is controlled by the WoFEDO auditors through reports supported by documents which the schools submit through WEO for verification of their expenditures. Cluster-level and WEO supervisors also control the use of *school grants* on a regular basis. One school-level supervisor noted: 'I frequently visit, give advice, and control schools that are under my cluster pertaining to their plan and proper utilization of grants'.

Table 10. Summary comparison matrix

No.	Item	AACA	Oromia NRS	Somali NRS
1	Sources of budget*	*Block grant* in cash *School grant* Parents' contribution NGO support School's internal income	*Block grant* in kind *School grant* Parents' contribution NGO support School's internal income	– *School grant* Parents' contribution NGO support School's internal income
3	Key decision-maker/s	SMCs	PTAs	PTAs
4	*School grant* focal person (assigned) at the *woreda* or sub-city level	No	Yes	No
5	Use of *school grant* at the school level	Mainly for library and laboratory facilities	Mainly for maintenance	Mainly for utilities (settling bills - water, electricity) and maintenance
6	Reporting for settling the use of the *school grant*	Schools report directly to the WoFEDO	Schools report to the WEO, who reports to WoFEDO	Schools reported directly to the WoFEDO at the beginning but now changed (to WEO, who reports to WoFEDO)
7	Bank account	All the schools have bank accounts	All the schools have bank accounts	Only urban schools have bank accounts
9	Decision-making structures	PSTAs SMCs SICs Have finance unit in the school (the structure is there)	PTAs – SICs No finance unit in the structure of school (casher and accountant – elected from members of PTA)	PTAs – SICs No finance unit in the structure of the school (casher and accountant – elected from members of PTA)
10	Delays in release of the *school grant*	Not at all	Occasional delays	Delays were common and among the serious problems of the *school grant*

* These differ from one school to another in all regions.

7. Conclusions

7.1 Summary of implementation of the school grants' policies

The *block grant* programme began in 2002 in Ethiopia to cover salary and running costs in schools. The fund allocation was however very inconsistent across the country; the *school grant* support programme was introduced, among other objectives, to fill the gaps of the block grant scheme. The latter was designed in 2009 and has been implemented since 2010.

The school grant has been allocated to each school based on the number of students enrolled (based on the previous year's reported data). When it was started, the school grant allocation per student was ETB 15 ($0.8) for primary first cycle (Grades 1 to 4) and ETB 15 ($0.8) for primary second cycle (Grades 5 to 8) education. In 2011, this rate was increased to ETB 40 ($2.2) for primary first cycle (Grades 1 to 4) and ETB 45 ($2.4) for primary second cycle (Grades 5 to 8). Although the school grant budget has considerably increased since its implementation, all the school-level actors strongly suggested an additional meaningful increase which would enable them to address their specific school problems in the provision of quality education.

7.2 Contributions of the grants' policies

In all the schools visited, the school grants contribution was highly valued by all the school-level actors (school directors, parents, teachers, and students). Evidently, the items purchased by the schools, from furniture to reference materials, have laid the foundations for the provision of quality education in the schools. For instance, before the introduction of the *school grant* support, most of the schools would administer blackboard-written tests and exams. At present, although this change was mainly noted in AACA schools, students have managed to develop more confidence in presenting and expressing their views – commenting, asking and responding to questions in all the schools that were visited. Teachers and students are attracted to the schools because of their better facilities, physical structure, and the level of participation in school-related activities. Directly or indirectly, this has contributed to the creation of a better school environment, and the provision of quality education has in effect provided a greater incentive for teachers and students to remain at their respective schools. One school director added, 'To be frank, had it not been for the *school grant*, we would not be able to run our school properly'. This sentiment was shared by all the school directors and PTA chairpersons of the sampled schools.

Most of the school-level actors interviewed said that participatory decisions and flexibility have been encouraged since the introduction of the school grants. Prior to the implementation of the *school grant* in particular, decision-making authority was mainly the responsibility of the directors with regard to school facilities, and academic, administrative, and financial activities. One principal explained: 'It is very clear that since the introduction of the *school grant*, our school has established a strong PTA, SMC, and SIP, which are all responsible for implementing the school improvement programme'. Other directors affirmed that currently the decision-making authority is shared between the director, the PTA, and the SMC. Another director typically said: 'As we know, with the formation of the PTA and SMC in this school, I need to share the authority in decision-making. I cannot make and approve decisions alone anymore. Everything has to be referred to the SMC and PTA'.

7.3   Main strengths and challenges of the grants' policies

Of the two grant schemes, the *school grant* in particular has been highly appreciated by school-level actors. As it is more flexible than the *block grant*, school leaders have the freedom to set the priorities of their school. The school directors together with the PTAs/PSTAs of the school believed that they have the right to set priorities based on their specific schools. This was seen by the school-level actors as a positive input for school change. The chairpersons of PTAs/PSTAs described the situation: 'We usually analyse our school's problems and set priorities accordingly'.

This bottom-up process is also more conducive to the participation and motivation of school actors and focused on the actual improvement of schools, whatever their specific needs may be. This has been particularly noticeable in schools in both of the NRSs, which have more basic requirements than many urban schools in Ethiopia. The *school grant*, building on the *block grant*, ultimately leads to the improvement of the quality of teaching across the country, with each school making progress and changes at its own speed, according to its needs.

As opposed to the *block grant*, the *school grant* reaches the school level, according to the criteria designated in the *school grant* guidelines, notwithstanding some problems observed in the schools of Somali NRS. Indeed, some schools in that region did not receive the *school grant* according to the number of students enrolled in the previous academic year (which should have been the case).

Among the other common problems with the *school grant* were its low amount, the minor restrictions related to the grant, and the speed with which the grant is expected to be implemented and reported. Delays were also mentioned as an issue in Oromia NRS and Somali NRS. The difficulties faced by some schools in Somali NRS in opening bank accounts were also among their major challenges. Individuals who are working with finance-related tasks complained of a lack of adequate training programmes. Finally, teachers interviewed in the schools of AACA were frustrated that the policy has been introduced without any incentives and rewards: they pointed out that their loads have been increased with the introduction of the *school grant* 'With no incentives and personal pay'.

School-level actors, and in some cases parents, questioned the uniformity of the *school grant* allocation criteria, which does not take into account the specific context and problems of each school. This was voiced most strongly by schools that enrolled relatively small numbers of students.

7.4   Recommendations for successful implementation of the grants' policies

Increased *school grant* budget support. The school-level actors who were involved in this research suggested an increase in the size of the *school grant*. Even though the *school grant* allocations were recently increased, it was reported by those interviewed that the amounts still do not match the price of goods.

Allocating adequate *block grants* across all schools. School-level actors questioned the meagreness of the block grants in Oromia NRS and their complete absence in some schools in Somali NRS. In these two regions, the school running costs – which are a major expenditure of the *block grant* – were either not allocated to the school or the amounts were very small. These bleak realities have eroded endeavours to advance the provision of quality education. Accordingly, many people whom the interviewers met suggested an appropriate allocation of the *block grant* running costs according to the MoE guidelines (2002).

Eliminating restrictions attached to the school grants. Actors also felt strongly about changing some of the restrictions attached to the *school grants* and they requested more flexible spending, which should vary according to their needs.

Eliminating delays. The school actors believed that one explanation for the delays was the lengthy transfer process. Transfers of the *school grant* should not go through the long allocation procedure they currently follow and school-level actors would greatly prefer the funds to be transferred directly to school accounts.

Providing longer time frames for reporting. School actors complained that short time frames for reporting, coupled with short time frames for spending, often weakened the level of their reporting.

Sharing experiences and best practices. Although not mentioned by school actors in the field, the research team also believes that the sharing of experiences and best practices could benefit schools and allow for greater improvement in the delivery of quality education. For instance, it was noted that in Oromia NRS, specific individuals were assigned who are responsible for the allocation and utilization of the *school grant* and its management at the *woreda* level and this could be replicated elsewhere. In AACA, the structurally assigned school finance unit is another example of a good lesson for others.

Capacity building in the recording of finances. Another challenge that the research team encountered was the absence of systematic record-keeping. Despite the fact that school-level actors did not mention this in the interviews, the researchers firmly believe that there is a great need for capacity building on how to keep adequate financial records at all levels.

Annex 1.   People interviewed during field research

AACA	Head of sub-city education office	1
	Deputy head of sub-city education office	1
	Sub-city finance and economic development office expert	1
Oromia NRS	Deputy head of *woreda* education office	1
	Woreda education officer	1
	Town administration educational official	1
	School grant focal persons	2
	Zone-level education officials	2
	Chairpersons of Kebele Education and Training Boards	2
Somali NRS	Head of *woreda* education office	1
	Head of regional education bureau	1
	Employees from *woreda* finance and economic development office	2
	Chairperson of Kebele Education and Training Boards	1
Across all three regions	School directors	12
	School deputy directors	4
	School-level finance workers (treasurers and cashers)	15
	School improvement committee members	29
	Teachers	65
	Students	83
	Cluster-level supervisors	2
	Parents (not members of the PTA or PSTA)	21
	Chairpersons of PSTA/PTA	9

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The paper

In a growing number of countries, a significant reform in educational management is under way: schools which in earlier years had very little or no say in financial management now receive grants directly from central authorities. The actual impact of school grants on quality and equity needs deeper investigation because it is strongly influenced by the design and implementation of grants; the simple existence of such grants does not guarantee success.

IIEP-UNESCO and UNICEF coordinated a research programme in Eastern and Southern Africa from 2010 to 2012, in order to better understand how the school grants policy is implemented in and by different schools, and to learn what its real contribution is to the grand policy objectives it is intended to serve. The research covered Ethiopia, Kenya, Lesotho, Malawi, and Uganda, through a collaboration with Ministries of Education, national research institutes, and the Centre for Education Policy Development (CEPD, South-Africa).

The present study examines the use and usefulness of school grant policies in Ethiopia, with specific attention given to six key themes: the policy formulation and dissemination process, criteria and mechanisms for grant distribution, the actual use of the funds at the school level, the existence of control mechanisms, and the contributions of grants to access, equity, and quality. The last chapter provides a set of recommendations for improvement of the policy.

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