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The Governance of Capitation Grant in Primary Schools: from Civic Engagement and School Autonomy Perspectives

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ABSTRACT

Tanzania is implementing education decentralization in which central government and local government disburse capitation grant to public primary schools for meeting their recurrent expenditures. This study looks at the state of the governance of the capitation grant in primary schools from the civic engagement (demand side) and school autonomy (supply side) perspectives. Descriptive statistics show that effectiveness is the most observed aspect of the governance of the capitation grant in schools, while the rule of law is the least observed aspect of governance. Using regression analysis, the results show that parents' exercising of agency (attending meetings and openly discussing issues of community importance) is the strong predictor of capitation grant governance in schools.

The qualitative evidence provides convincing support for these findings. The assessment suggests that increasing public expenditures is not a panacea for solving quality problems currently haunting the primary education sub-sector in Tanzania. Improving governance of disbursed funds at the school level is equally important. The policy recommendations include: the introduction of quarterly school community dialogues for the head-teachers and school committee chairpersons to submit school financial reports to parents and community members for discussions to establish their authenticity; a systematic way of nurturing the financial management skills of head-teachers and the monitoring capabilities of school committee members; ring-fencing capitation disbursements in the Education Block Grant (EGB); and donors and CSOs engagement in undertaking political mobilisation projects to raise parents and the community's awareness of their rights and responsibilities in monitoring public service delivery.

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LIST OF ABBREVIATIONS AND ACRONYMS

AGRI	:	African Governance Report Indicators
AIDS	:	Acquired Immune Deficiency Syndrome
BEST	:	Basic Education Statistics in Tanzania
CCM	:	Chama Cha Mapinduzi
CSO	:	Civil Society Organisation
DCC	:	District Consultative Committees
DC	:	District Council
D-by-D	:	Decentralisation by Devolution
DPEO	:	District Primary Education Officer
DT	:	District Treasurer
EFA	:	Education for All
EGB	:	Education Block Grant
ESDP	:	Education Sector Development Programme
ETP	:	Education Training Policy
HIV	:	Human Immuno-Deficiency Virus
IIAG	:	Indexes of African Governance
LGA	:	Local Government Authority
LGB	:	Local Governance Barometer
LGRP	:	Local Government Reform Programme
MC	:	Municipal Council
MDG	:	Millennium Development Goals
MEO	:	Mtaa Executive Officer
MVC	:	Most Vulnerable Children
PEDP	:	Primary Education Development Programme
PEFA	:	Public Expenditure and Financial Accountability
PETs	:	Public Expenditure Tracking Survey
PLHA	:	People Living with HIV and AIDS
PRSP	:	Poverty Reduction Strategy Papers
RCC	:	Regional Consultative Committees
REDET	:	Research and Education for Democracy in Tanzania
SAP	:	Structural Adjustment Programmes
SBM	:	School-Based Management
SLO	:	Statistics and Logistics Officer
SNV	:	Dutch Development Organisation
TPR	:	Teacher-Pupil Ratios
VA	:	Village Assembly
VEO	:	Village Executive Officer
WDC	:	Ward Development Committees
WGA	:	World Governance Assessments
WEC	:	Ward Education Coordinators
WGI	:	Worldwide Governance Indicators

1.0 INTRODUCTION

The capitation grant creates a simple mechanism to have funds reach the school level for quality improvements (United Republic of Tanzania, 2001; Policy Forum, 2009; Rajani, 2009), in other words, “money follows pupils”. Its primary aims include replacing revenue lost to schools because of the abolition of fees by making real resources available at the school level (Uwazi, 2010). Flows of funds are shortened between sources of funding and their beneficiaries (Hallak and Poisson, 2007).

The capitation grant helps to ease supply side constraints to education, because it assures the availability of more learning and teaching materials. It is a formula-based structure, which was designed to avoid disparities in fund disbursements which, historically, have been extremely large in Tanzania (Rajani, 2009). If the school system wishes to allocate more funds to primary school children, the formula can be designed to ensure that schools with a higher number of primary level children get more funds (Arunatilake and Jayawardena, 2009).

Starting from 2002, each public primary school in Tanzania was to receive Tshs. 16,000 (about USD 10 at the current exchange rate) for every enrolled child every year as a capitation grant until 2007 when the first Primary Education Development Programme (PEDP) ended. PEDP II (2007-2011) continued to recognise the importance of the capitation grant, although it reduced it to Tshs. 10,000 (about USD 7 at the current exchange rate) per enrolled child. As capitation grant disbursements aim to ensure the availability of learning and teaching materials in schools, its output may not be realised if effective and well-regulated structures are not in place.

In fully decentralised systems the allocation of funds to each school is published and accessible for public scrutiny. The budget proposals, expenditure allocations and financial outlays of each school may be examined by any interested party. Therefore, provided the proper systems of checks and balances are in place, all those who handle funds for schools must do so in an accountable manner (Levacic and Downes, 2004).

At the same time, one could also argue that the introduction of formula funding and the delegation of spending decisions to the teachers and parents can increase the possibility of fraud, as many more people have direct access to the funds (Hallak and Poisson, 2007). Thus, fraud may occur at school level where money intended for school use is diverted for the personal benefit of individuals, either in cash or in kind (Levacic and Downes, 2004). In Tanzania, for example, the recent Uwazi study on the capitation grant makes the following conclusions: there was inadequate transparency around the capitation grant money usage (Uwazi, 2010).

Pilfering of education resources, misallocations as well as under-utilisation and embezzlement of funds are some of the major glaring shortcomings highlighted by the recent government commissioned Education Public Expenditure Tracking Surveys (PETs).¹ As such, corruption is one of the factors that have been identified to weaken the direct support to schools in Tanzania (Mushi, 2006). This means even when funds are available; the ability of capitation grant to empower pupils from poor households and marginalised schools largely depends on how efficiently they are used.²

1.1 Problem Statement

While the capitation grant is disbursed to public primary schools to improve the quality of primary education,³ its governance by school level governance structures is constrained by low civic engagement (demand side factors) and limited school autonomy (supply-side factors). For example, appropriate use of capitation grants in some primary schools was mentioned by *Education Sector Review 2007* as among the major challenges facing primary education sub-sector (United Republic of Tanzania, 2007). It was reported that collusions between school committee chairpersons and head-teachers, and between head-teachers and District Primary Education Officers (DPEOs), undermine the implied transparency and efficiency of the direct support to schools (Mushi, 2006).

There are some indications that there may be a problem of leakage of funds at school level rather than at district level, i.e. grants were not properly used by the school (Sundet, 2004). In terms of misuse of capitation grants, Hallak and Poisson (2007) list a number of malpractices: (1) use of educational funds for purposes other than education (including diversion of funds to private bank accounts); (2) use of part of the operational fund to cover administrative costs; (3) irregular bookkeeping practices and falsified orders and receipts to cover up irregular payments (i.e. inflation of the quantities of goods purchased); (4) irregular payments made to officials and others (including unaccounted advances).

Unlike in developed countries, in developing countries, due to low school participation, even when funds are allocated fairly across schools at the individual level, funds may not be fairly distributed, as the benefits of publicly financed education may be enjoyed by the more affluent children who go to school (Arunatilake and Jayawardena, 2009). Thus, increasing capitation grant disbursements to primary schools may not be a panacea for improving quality of public primary schooling in Tanzania. In this respect, this study sought to

¹ See Claussen and Assad, 2010

² There is a growing recognition that money is not enough: improved outcomes from service delivery require better governance, including incentives for performance and mechanisms for holding service providers accountable (Fiszbein, Ringold, and Rogers, 2009).

³ In particular, the capitation grant was meant to finance the purchase of textbooks and other teaching and learning materials, as well as to fund repairs, administration materials, and examination expenses

investigate the state of governance of the capitation grant in primary schools from the civic engagement and school autonomy perspectives.

1.2 Research Objectives and Questions

The objective of the study was to investigate the state of governance in capitation grant spending in primary schools from the civic engagement and school autonomy perspectives. The main research question was: why public primary schools in some councils are spending capitation funds more efficiently than schools in other councils? The sub-questions were (i) to what extent do primary schools adhere to good governance principles when managing the capitation grant? (2) How do civic engagement and school autonomy factor into the governance of the capitation grant in schools?

1.3 Significance of the Study

Much of the research on stagnation of the capitation grant in primary education has been focused on disbursements from central government to local levels (Carlitz, 2007, HakiElimu, 2007; Policy Forum, 2009; Claussen and Assad, 2010; Uwazi 2010) Nevertheless, studying the usage of whatever is reaching the schools is equally important. Thus, this study sheds lights on how governance issues at the school level affect the efficacy of the capitation grant notwithstanding the chronic delays and persistent cuts of disbursements from the central and local governments, and from councils to schools.

In a recent study the dwindling value of the capitation grant in Tanzania was highlighted.⁴ This led to calls for an increment of capitation grant allocation from the current Tshs. 10,000 per pupil because the current amount is too small to cover the cost of learning materials (see Uwazi, 2010). This study, therefore, provides the governance dimension to the ongoing debate on whether or not to increase the capitation grant allocation threshold from the current Tshs. 10,000 per pupil per annum.

⁴ PEDP I protected capitation grant against depreciation of the shilling as it was expressed in US dollars. In 2002, the \$ 10 grant was worth the equivalent of Tshs 9,666. In 2009, the Tshs 10,000 grant was worth only Tshs 6,078 (expressed in 2002 shillings), a 37 percent decline in value (Uwazi, 2010).

2.0 LITERATURE REVIEW

Traditionally, public primary schools in Tanzania were centrally controlled and managed by the Ministry of Education through appointed regional and district education officers (Mushi, 2006). Under Regional Decentralisation of 1972, village governments were also involved in managing primary schools through school committees. Among the measures taken to improve school governance after the deconcentration of school management power in the early 1970s was the reduction of parents' representation in school committee from eight to three while the party-controlled Village Council occupied eight seats in a typical committee of 15 (Therkildsen, 2000).⁵

In addition, councils could make discretionary expenditure on primary education from the local tax revenue collection within their limited mandate (Mushi, 2006). This was made possible by the re-establishment of local governments by Acts No.7 – 10 of 1982.⁶ Still, strong regional administrations remained, and they undertook development activities directly or in collaboration, but not necessarily through, LGAs. Thus, while democratic local governments were introduced, they remained with no substantial resources or effective service mandates (Tidemand, 2005).

As a result, management of school equipment at school level was difficult to monitor and control as schools belonged to the central government rather than communities in the school catchment areas (Mushi, 2006). At the same time, Basic Education Statistics in Tanzania (BEST) consistently reported declining levels of enrolment, high teacher-pupil ratios (TPRs), and significant shortages of infrastructure and supplies (Rajani, 2009). Similar concerns were echoed at the 1990 Jomtien meeting on Education for All (EFA), as assessed and later confirmed at Dakar in 2000.

On the other hand, primary schools neither received any cash/money transfer from the Ministry of Education nor their respective district council (Mushi, 2006). The arrival of Structural Adjustment Programmes (SAPs) during the last half of 1980s paved the way for reforms. In the education sector, SAPs resulted in a move towards the market economy, privatisation and cost-sharing (Davidson, 2004). These processes led to increased community participation in financial and non-financial contributions rather than influencing decision-making.

⁵ As stipulated in the Education Act of 1978, the function of these school committees was to promote the integration of the school in the life of the community and to cooperate with teachers in solving "local educational problems"

⁶ These structures were given direct responsibility for service delivery.

Communities were completely left out in the determination of school expenditure, procurement of supplies, management and the general development of the schooling environment of local primary schools – and hence lack of local ownership and accountability (Mushi, 2006). This led to a general agreement in the various policy documents in the mid 1990s that the primary education system was too centralised (Buchert, 1997 in Therkildsen, 2000). It was thus proposed that certain responsibilities be devolved to the LGAs, the communities and the schools.⁷

2.1 Devolution of Primary School Management in Tanzania

In response to challenges facing the basic education in Tanzania, in 1995, the government formulated the Education and Training Policy (ETP), whose broad aims included enhancing partnerships in the delivery of education, broadening the financial base and the cost effectiveness of education, and streamlining education management structures through the devolution of authority to schools, communities and LGAs (United Republic of Tanzania, 2001). Following ETP, a sector-wide approach to education development was initiated two years later through the Education Sector Development Programme (ESDP) to enhance collaboration by key stakeholders. The localisation of these education reforms was done through the Local Government Reform Programme (LGRP), which became operational in 2000.⁸

In 1998, the government adopted a Policy Paper on Local Government Reform which put in focus the policy of Decentralisation by Devolution (D-by-D) with the primary aim to improve the quality of public service delivery, particularly to the poor. Since then, the government has worked to strengthen the various components of the local government finance system, including the assignment of expenditure responsibilities and local financial management; the local government revenue system; the system of inter-governmental fiscal transfers; and the framework for local government borrowing.

LGRP operationalises the above mentioned devolution initiatives. The aim is to improve the quality of and access to public services provided through or facilitated by LGAs. Local governments are thought to be in a better position to identify people's needs by encouraging citizens' participation in democratic governance, and thus supply the appropriate form and level of public services (Fjeldstad *et al.*, 2007). Democratically elected local government authorities will receive enhanced funding for service delivery, gradually increased autonomy in deciding on how resources are to be allocated (Cooksey and Kikula, 2005).

⁷ The general view was that parents must be empowered to play a more active part in the running of schools

⁸ LGRP operationalises Decentralisation-by-Devolution Policy in Tanzania

LGRP is only one of several determinants of public service delivery performance in Tanzania. The 2000 drafting process of Poverty Reduction Strategy Papers (PRSPs) signalled a change, in identifying seven ‘priority sectors’ of which education and health were the most critical (Rajani, 2009). The stage was set for government support to schools with funds and overall policy guidelines through PEDP. Aligned with the ESDP, PEDP drew upon the broader international framework, which includes several international declarations such as the Education for All (EFA) goals and the Millennium Development Goals (MDGs).

In fact, the question of decentralisation in education is addressed in the Dakar Framework for Action as an option to be developed to achieve better governance of education systems (Bishop, 2007). The institutional changes at local level associated with PEDP ought to provide space for major participation of different social sectors in the community in planning, implementing and monitoring the primary education process (Makongo and Mbilinyi, 2003). The PEDP emphasizes community involvement through democratically elected school committees who have the responsibility for planning, implementation and supervision of all school development activities (Makongo and Rajani, 2003).

PEDP calls for the shifting of control over education resources and basic decision-making to the district, community and school level, which is supported by LGRP (Makongo and Mbilinyi, 2003). By implication, PEDP introduced two new grants to make funds available at the school level: the development grant to cover infrastructure costs, and the capitation grant to contribute to quality improvements. The disbursement arrangement is such that funds are disbursed directly from the Central Treasury to the Council Directors who in turn deposit the money into school bank accounts (Mmari, 2005).

Every school is supposed to have two accounts for capitation and development funds (Tidemand, Olsen, and Sola, 2007). The bank accounts are managed by the school committees. Under PEDP, the roles and responsibilities of school committees were revised to allow them to supervise development projects and manage capitation grant at the school level (Tidemand and Msami, 2010). In this respect, school committee is recognised as the focal point for the promotion and transformation of primary education delivery (Makongo and Rajani, 2003).

The expenditure of the money has to comply fully with *the PEDP Financial Management and Accounting Manual* (Mmari, 2005). The reports from the utilisation of the bank accounts are prepared by the head-teacher and subsequently authorised by the chairperson of the school committee, chairperson of Village/Mtaa and by the Ward Education Coordinator (WEC). The school reports are submitted to councils, which compile them and prepare district council PEDP quarterly reports. The PEDP district reports contain information on PEDP performance, constraints, and PEDP account bank balances with, bank statements, and

progress review for development budget, action plan for development budget, school enrolment, and capitation grants (Tidemand, Olsen, and Sola, 2007).⁹

According to PEDP guidelines, the head-teacher is a sub-warrant holder and is responsible for keeping records of all financial transactions at school level and is accountable for all funds entrusted to him/her. In addition, the head-teacher is the adviser to the school committee, and keeps records and minutes of the school committee meetings (Mmari, 2005). Despite upward financial accountability to authorities, therefore, schools would belong to communities rather than the district council or central government *per se* (Mushi, 2006).

The Chairman of the Village/Mtaa Government and the Village Executive Officer are not members of the school committee but may attend school committee meetings as ex-officio members. This exclusion is intended to promote accountability and provide necessary checks and balances (Mmari, 2005). Thus, community ownership of the public primary schools was expected to reduce and possibly eliminate the misuse and embezzlement of public funds disbursed to schools. Yet, very few studies have attempted to investigate the governance of the capitation grant in primary schools from the civic engagement (demand-side factors) and school autonomy (supply-side factors) perspectives. This is a gap in the current debate on the efficacy of the capitation grant which this research aims to fill.

2.2 The Governance of the Capitation Grant in Schools: Concepts and Measurement

The capitation grant for public primary education in Tanzania is meant to provide money for teaching and learning materials for pupils enrolled in public schools (United Republic of Tanzania, 2001 & 2006). Specifically, this grant funds school level expenditures on facility repairs; textbooks, teaching guides, supplementary reading materials; chalk, exercise books, pens, pencils; administration materials and examination paper, purchase and printing. Although increasing resource flows and other support to the education sector is necessary to give poor people greater access to quality education, in no way is that sufficient. It also is necessary to translate those resources into basic services that are accessible to the poor (Barrera-Osorio *et al*, 2009).

Ensuring transferred resources reach the poor at the point of service delivery involves three critical issues: (1) the design of inter-governmental transfers and the allocation criteria, (2) applying appropriate conditions, and mobilising citizen participation, to ensure that resources are allocated for pro-poor services in local budgets, and (3) ensuring that resources are actually used for service delivery, both through systems of monitoring and through local accountability (Devas, 2002). On the supply side, therefore, schools should be given some autonomy over the use of their inputs and should be held accountable to their clients for

⁹ PEDP district reports are in turn submitted to PMO-RALG through regional secretariats that prepare a compiled PEDP Annual Review Report.

employing these inputs efficiently. On the demand side, control over the use of resources shifts from local governments to citizens and voters, who are the ultimate users of goods and services (Arcia *et al.*, 2011). This means governance of capitation grant matters for improved quality of primary education delivery.

2.2.1 Defining Capitation Grant Governance

In simple terms, “governance” means the process of decisions making and the process by which decisions are implemented (Kessy *et al.*, 2006). From this perspective, governance comprises the mechanisms, processes and institutions through which citizens and groups articulate their interests, exercise their legal rights, meet their obligations and mediate their differences (Chaligha *et al.*, 2007a). When these governance ideals are implemented by a certain administrative structure, the outcome will be good governance and vice versa.

The National Framework on Good Governance defines “good governance” as the exercise of official powers in the management of the country’s resources in an effort to increase and utilise such resources for the betterment of life. The definition calls for a system of public management which is transparent, responsive to popular interests, responsible and accountable and where officials in the exercise of public management are capable, efficient, ethical and professional in the interest of the served public (United Republic of Tanzania, 1999). Thus, good governance in education is about school and local leaders being more responsive and accountable to the school community (supply side). On the *demand side*, good governance is about creating a conducive environment for community members to engage effectively on school management (see Makongo and Rajani, 2003).

Good governance concerns informed participation and consensus-orientation, open and accountable institutions, the rule of law, and concrete actions to address equity and inclusiveness, effectiveness and efficiency (Makongo and Mbilinyi, 2003). Thus, successful *governance of the capitation grant* in primary schools requires that resources in fact reach the schools, that bureaucrats dutifully follow their orders, that program goals are regularly measured and monitored, and that there are consequences—both positive and negative—for actions (Crouch and Winkler, 2009). This conceptualisation serves as an operational guide to measure the governance of the capitation grant in primary schools.

2.2.2 Governance Dimensions and Indicators

The mainstream good governance indicators include the World Bank’s Worldwide Governance Indicators (WGIs) Project, Overseas Development Institute’s World Governance Assessments (WGAs), Mo Ibrahim Foundation’s Indexes of African Governance (IIAGs) and the United Nations Economic Commission for Africa’s African Governance Report Indicators (AGRIs). Nevertheless, the WGIs, WGAs, IIAGs and AGRIs are not established based on citizen-based evaluations (Ivanyna and Shah, 2010). One of their important

limitations is that they fail to capture how citizens perceive the governance environment and outcomes in their own countries.¹⁰

In decentralised settings, the Local Governance Barometer (LGB), developed by the Impact Alliance (SNV of the Netherlands, Idasa of South Africa and Pact of the United States), fits the bill very well. The LGB is a holistic model that generates a collective opinion about the state of governance in a certain locality (Memela *et al*, 2008). The criteria of the LGB in measuring good governance are: *Effectiveness, Rule of Law, Accountability, Participation and Civic Engagement, and Equity* (Pact and Impact Alliance, 2006).

In the context of the capitation grant, the governance measurement can also build on the PEFA (Public Expenditure and Financial Accountability) indicators that are part of the Performance Measurement Framework. Thus, we combined the LGB and PEFA indicators to construct the Primary Education Capitation Grant Governance Index, resulting in a total of four dimensions of *Effectiveness, Rule of Law, Accountability, and Participation*.¹¹ A focus on key observable aspects of each dimension can be helpful in providing an indication of the ability of primary schools to manage and spend capitation grants (see Huther and Shah, 1998).

Table 1: Governance Dimensions, Indices and Variables

Governance Dimension	Indices	Variables
Effectiveness	-Existence of clear plans for capitation spending	<ul style="list-style-type: none"> • Incorporation of capitation items in the School Plans • Preparation of procurement summary for capitation spending at schools
	-Good management of capitation funds	<ul style="list-style-type: none"> • Compliance with PEDP financial and procurement guidelines • Capitation transactions record keeping at schools
Rule of law	Existence of clear rules on capitation disbursements and spending (PEFA)	<ul style="list-style-type: none"> • Knowledge of PEDP financial and procurement guidelines • Awareness of capitation funds that reach schools as per formulae
	Measures taken against misuse of capitation funds	<ul style="list-style-type: none"> • Cases of fraud in capitation spending reported to authorities • Suspension of teachers/school committee members accused of misusing capitation funds
Accountability	Capitation expenditures	<ul style="list-style-type: none"> • Submission of capitation spending reports to ward authorities

¹⁰ Ivanyyna and Shah argue that foremost concerns for such measurement should be citizens' evaluation of governance environment and outcomes in their own countries supplemented of course by objective indicators of the same.

¹¹ LGB combines participation with civic engagement. However, civic engagement may be distinguished from participation *per se* in that it is specifically associated with efforts to establish channels of voice, representation and accountability at the government level (United Nations Development Program, 2002).

Governance Dimension	Indices	Variables
	reporting (PEFA)	<ul style="list-style-type: none"> • Presentation of capitation expenditures reports in parents meetings
	-Transparency in the capitation funds management	<ul style="list-style-type: none"> • Posting of capitation disbursements and expenditures on notice boards • Access to capitation spending records by CSOs
Participation	Existence of Institutional Framework for participatory planning and management	<ul style="list-style-type: none"> • The involvement of parents in planning for capitation items • Submission of procurement summary to School Committee for approval
	Stakeholders monitoring of capitation disbursements and spending	<ul style="list-style-type: none"> • Frequency of monitoring visits conducted by CSOs • Number of CSOs monitoring reports on capitation spending

Source: Adjusted from LGB and PEFA indicators

Provision of public primary education is the responsibility of LGAs. The government disburse the capitation grant, together with the development grant, to ensure that every district is delivering this service. Parents are expected to supplement the government efforts in terms of resources as well as monitoring of school expenditures. Yet, despite 10 years of implementation of this education decentralisation reform, the governance of the capitation grant is still wanting (Claussen and Assad, 2010; Uwazi 2010). The question is why public primary schools in some districts manage the capitation grant better than others?

We assume that the level of civic engagement, as characterised by exercising agency (attending meetings and openly discussing matters of community importance),¹² volunteerism (making labour and financial contributions to community service),¹³ and political awareness (voting in civic polls, attending campaign rallies, and listening and reading news from the mass media)¹⁴ explain a substantial part of the cross-jurisdiction differences in the governance of the capitation grant in public primary schools. On the supply-side, we anticipate that the degree of school autonomy in the form of school decision-making power (planning, budgeting, and spending capabilities)¹⁵ and share of school own source revenues (financial contributions from parents and donations from private sector)¹⁶ also explain a part of the cross-district differences of capitation grant governance in schools.

¹² See Cleaver, 1999; Siraj, 2006; Narayan and Petesch, 2007

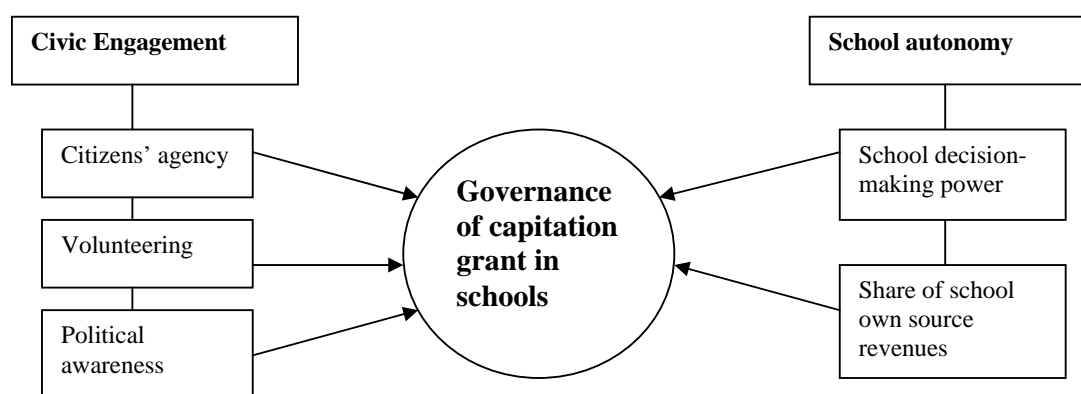
¹³ See United Nations Development Program, 2003 & 2005; Cohen, 2009

¹⁴ Lowndes, Pratchett, and Stoker, 2006; Akramov *et al.*, 2008; Dalton, 2008

¹⁵ See King and Ozler, 1998; Eskeland and Filmer, 2002; Barrera-Orsorio *et al.*, 2009

¹⁶ See Raich, 2005; Arcia *et al.*, 2011

Figure 1: Factors determining governance of capitation grants in schools



Source: Prepared by authors

Civic Engagement in Tanzania

Civic engagement refers to citizens' interaction with a particular field of interest, for example, public finance policy, with a view to obtaining a favourable outcome from such interaction (World Bank, 2001). Thus, social accountability aspects such as citizens' agency, volunteerism and political awareness are all forms of civic engagement in Tanzania. For instance, budget advocacy through villagers participation in Village Assembly (VA), civil society participation in Ward Development Committees (WDCs), District Consultative Committees (DCCs) and Regional Consultative Committees (RCCs) as well as public expenditure tracking (PETs) have become the most popular forms of exercising citizens' agency in Tanzania.

Exercising agency

Exercising agency refers to changes in the capabilities of poor (as well as marginalised) individuals or groups to take purposeful actions (Narayan and Petesch, 2007). It was assumed that on-going contact between the public and their leaders would give the former the opportunity to draw attention to weaknesses in service delivery; the leaders would then take appropriate measures in line with user preferences (Golooba-Mutebi, 2005). Civic initiative, or exercising agency, is thus considered to be the most important characteristic of and a prerequisite for good governance (Siraj, 2006).

Agency is about people's ability to act individually or collectively to further their own interests (Narayan and Petesch, 2007). In Tanzania, the quality of exchanges between the community members and their governments at different levels has reached a higher platform recently as the two sides appreciate the attitude and effort by each other (Kessy *et al.*, 2006). In their study of democracy and poverty in Ruvuma region the authors found that community

members are starting to appreciate local government efforts in widening the participative process in generating plans and programs so as to make them more effective.

Civil society participation is also taking shape in Tanzania. Although there has been only limited involvement of CSOs in performing expenditure tracking and service delivery monitoring in the past, this is changing fast as a growing number of organisations are adopting approaches that build on surveys and data-collection and dissemination (Sundet, 2004). These include participatory planning, budget advocacy, public expenditure tracking surveys (PETs), and various forms of citizens and community report cards.

Civil society initiatives in Tanzania fulfil numerous important functions: at the local level, they enable individuals and user groups at community level to provide feedback and exercise their 'voice' vis-à-vis central and local government and service providers (Sundet, 2004). However, many CSOs at the local level are still weak and unable to face the authorities (Mmuya and Lemoyan, 2008). A large number of these CSOs are comprised of CBOs of which some are registered by Council's Community Development Department, Agriculture and Livestock Department, Education Department and Water Engineer.¹⁷

In the urban setting, CSOs are stronger and affluent with their formation often linked to donors invitations and projects (Mmuya and Lemoyan, 2008). However, the nature of these CSOs as well as the mission and vision of the organisations differ. Some CSOs are made up of people who are committed to collective action and those with rigid hierarchies; other CSOs have a varied political nature that ranges from the far right stand to the far left and everything in between (Twalangeti, 2006). In short the CSO sector has capacity limitations which undermine its ability to deliver as per set objectives to improve the quality of life of the Tanzanian community (Chaligha, 2007b).

Volunteerism

Volunteering is working, the putting in of time and energy, which one person does for another or for the public, out of free will, and with no material compensation similar in quantity or quality to market value (Cohen, 2009). The benefits of volunteering extend beyond the immediate product of voluntary efforts to the larger impact of creating social cohesion, empowerment, awareness and very often large and strong advocacy networks (United Nations Development Program, 2005). Thus, the participatory aspect of volunteerism can contribute to a heightened understanding of the forces which shape governments and societies, leading to greater transparency, accountability and improved governance (United Nations Development Program, 2003).

¹⁷ Most CBOs are basically welfare oriented satisfying the daily needs of the local people, especially the poor (Mmuya and Lemoyan, 2008).

In Tanzania, however, the practice of the concept of volunteerism is rather vague. Given the widespread poverty, the main volunteerism activity undertaken by Tanzanians is the labour contribution to community development projects. This includes bricks making, water fetching, sands collection, well digging, etc. In the civil society realm, many Tanzanians practice what is called paid voluntarism. Due to high unemployment rates, the CSO sector is considered among the leading sources of employment in the country.

In particular, the scourge of HIV and Aids has created a crisis that required a response from service programmes and was therefore a key factor in promoting volunteer services in today's Tanzania. This includes volunteers serving most vulnerable children (MVC) interventions (for example, Mama Mkubwa in Makete district in Iringa region) and providers of home-based care services to people living with HIV and AIDS (PLHAs). Such volunteers visit the affected families and children regularly – weekly or fortnightly.

Political awareness

Opportunities for local political participation are central to the classic justification for devolved decision making (Lowndes, Pratchett, and Stoker, 2006). Decentralisation affects the degree of empowerment at the local level, both by giving citizens the opportunity to engage with and hold their local governments accountable, and by granting local elected representatives power over their constituencies with relative independence from the upper tiers of government (Raich, 2005). Thus, citizens' awareness of political issues may also determine capitation grant governance in primary schools. In Tanzania, political awareness manifests itself through voter turnout, attendance in political rallies, and listening and reading news from the mass media.

Specifically, there has been significant improvement in participation of the grassroots elections (Tidemand and Msami, 2010). People are more active today in terms of participation in elections despite the fact that attempts to influence the results through both legal as well as illegal means are also common (Kessy *et al.*, 2006). However, inadequate presence of opposition parties in the civic polls means electoral platforms are monolithic and therefore issues are reflected to preference for personalities, ethnicity and religion (Mmuya and Lemoyan, 2008).

The situation at Village/Mtaa level is worse because most of opposition parties are not represented. The hegemonic power of CCM becomes a serious concern on accountability measures as there is no alternative voice, especially when it comes to combating corruption. Elections are important to contestants and individuals spent fortunes in order to be elected (Mmuya and Lemoyan, 2008). Political power in Tanzania is regarded as important on many fronts. Political office allows the holder to use influence in policy allocation and access public funds.

Access to information improves decisions. It allows citizens to make informed choice about the administration of their economy, implementation of policies and investments in their livelihood, and the equitable provision of social services. Citizens in Tanzania have a constitutional right to information, but this is not codified as a specific legal entitlement that elaborates access to public information (HakiElimu and REDET, 2006). This means public institutions can exercise discretion and constrain access since provision is not enforceable under law.

Literature shows that mass media is by far the most important means by which people access information. Of the three main types of mass media, radio continues to be the most accessible, followed by the newspapers and television in the third position (HakiElimu and REDET, 2006). A radio is the most commonly owned item within households, most likely due to its affordability, portability and low maintenance costs. Internet is not a significant means to access information, despite its recent growth in the country.

School Autonomy

School autonomy is a form of school management in which schools are given decision-making authority over their operations (Arcia *et al*, 2011). Some authors have suggested using “de facto” autonomy – as opposed to “de jure” autonomy – as the relevant measure of autonomy. While “de jure” autonomy refers to whether the school has been appointed as autonomous or not, “de facto” autonomy is related to the level of autonomy the school is actually enjoying or exercising as measured by the number (or the percentage) of decisions the school makes (King and Ozler, 1998).

Public primary schools in Tanzania derive their autonomy from the Councils. Thus, school autonomy in Tanzania should be viewed in the context of Decentralisation-by-Deconcentration Policy of 1972, which was modified in 1998 to come up with the Decentralisation-by-Devolution Policy. Basic features of 1972 decentralisation included transfer of centrally accountable officials to DC and RC organs, who were receiving instructions and taking orders from above with which the citizens in the regions and districts had to comply. Over the years, however, the decision making process has gradually been changing in favour of a participatory decision making approach (Kessy *et al.*, 2006).

Increased autonomy require that schools get effective support to determine their needs, set priorities and budget on the basis of the total resource envelop available at school level including subventions from the government (Mushi, 2006). Thus, Arcia and his associates (2011) present two sets of indicators for school autonomy; one for authority over the use of the school budget (school decision-making power) and the other for authority to seek additional funds from non-government sources (share of school own source revenues).

School decision-making power

The progression in school autonomy in the last two decades has led to the conceptualisation of School-Based Management (SBM) as a form of decentralisation in which the school is in charge of most managerial decisions but with the participation of parents through school committees (Barrera-Osorio *et al.*, 2009). Thus, school autonomy fosters governance by making the school committee in-charge of school management (Arcia *et al.*, 2011).

However, the experience shows that school committees in Tanzania do not have full power on school management. For example, the hiring and firing of teachers mandate is still retained by the district authorities. Since teachers are the providers of education in schools, such arrangements undermine the power of school committee, which is the lynchpin of the success of the implementation of the PEDP at the community level (Tanzania Education Network, 2003).

Share of own source revenues versus grants

Public schools are fiscally decentralised if they are allowed to mobilise own resources for school operations and development expenditures (Eskeland and Filmer, 2002). In Tanzania, there are two sources of own school revenues, namely donations from the private sector and contributions from parents and the wider community (United Republic of Tanzania, 2001 & 2006). Parental financial contributions assist in the running and maintenance of primary schools. Contributions depend, however, on where the Councillor prioritises education (Tanzania Education Network, 2003).

There are also donations from civil society organisations (CSOs), the private sector, and foreign embassies. Thus, having some degree of autonomy over the collection and spending of revenues is one of the key features of fiscal decentralisation (Fjeldstad *et al.*, 2010). In schools, for example, there are initiatives towards income generating projects, including gardening, tree seedlings, tea rooms/small restaurants, and milling machines. Other projects including renting out school premises and charging those who do petty businesses within the school compounds (Tanzania Education Network, 2003).

3.0 METHODOLOGY

This is a cross-sectional survey based on both qualitative and quantitative approaches. The survey used structured questionnaires, semi-structured face to face interviews and focus group discussions (FGDs). This technique was very useful as narratives from a different set of diverse research participants (n=130) were used to triangulate findings from questionnaire administrations (n=144). The main aim of the quantitative and qualitative survey was to bring together different methodologies for the triangulation of data (Kress, 2011).

3.1 Area of the Study

The survey was conducted in six councils: Singida Municipal Council, Morogoro Municipal Council, Songea Municipal Council, Mvomero District Council, Mbeya District Council and Kondo District Council. The selection of these case councils was based on the criterion of the expenditure performance ratio of the Primary Education Block Grant - Other Charges (whose main component is the capitation grant). According to 2009/2010 Budget Performance Report, Mvomero DC and Singida MC were in the high end; Morogoro MC and Kondo DC were average; while Songea MC and Mbeya DC appeared in the lowest rung.¹⁸ Thus, Mvomero DC and Singida MC (top spenders), Morogoro MC and Kondo DC (average spenders) and Songea MC and Mbeya DC (low spenders) were selected to participate in the study. The aim was to gather comparable data for robust investigation of the state of capitation grant governance in primary schools from the civic engagement and school autonomy perspectives.

3.2 Sampling and Sample Size

Measurement of governance can occur not only at the level of systems but also at the local provider level (Fiszbein, Ringold, and Rogers, 2009). This means the research population for the proposed study was all public primary schools in the case councils. In each district, two wards were first purposely selected to participate in the study on the basis of distance from the Council headquarter (the most remote ward and the closest ward). In each ward, two lists of best performing schools and poor performing schools in terms of accountability (record keeping at schools and timely submission of capitation spending reports to relevant authorities) were developed as sample frames in collaboration with the DPEO. From each list, 2 schools were randomly selected, making a total of 8 schools per district and 48 schools for the study.

¹⁸ See Comparisons of Primary Education Sector Finances: Performance Ratios, available online at www.logintanzania.net

Table 2: Respondents by school, wards and council

Council	Ward	School	Frequency
Singida MC	Unyamikumbi	Ikenga	3
		Kisaki	3
		Ng'aida	3
		Unyamikumbi	3
	Mitunduruni	Manguamitogho	3
		Mughaga	3
		Singidani	3
		Unyankindi	3
Mvomero DC	Mvomero	Dibamba	3
		Makuyu	3
		Mgudeni	3
		Mvomero	3
	Sungaji	Kisala	3
		Komtonga	3
		Turiani A	3
		Turiani B	3
Morogoro MC	Boma	Bungo	3
		Mchikichini A	3
		Mchikichini B	3
		Mlimani	3
	Mafiga	Mafiga A	3
		Mafiga B	3
		Misufini A	3
		Misufini B	3
Kondoa DC	Kondoa	Bicha	3
		Kilimani	3
		Kondoa	3
		Miningani	3
	Kolo	Bolisa	3
		Gubali	3
		Itiso	3
		Kolowasi	3
Songea MC	Ruvuma	Juhudi	3
		Kipera	3
		Mbulani	3
		Ruvuma	3
	Bombambili	Bombambili	3
		Chandamali	3
		Mputa	3
		Sokoine	3
Mbeya DC	Utengule Usongwe	Mapambano	3
		Mbalizi	3
		Mlima Reli	3
		Mtakuja	3
	Inyala	Darajani	3
		Imezu	3
		Inyala	3
		Iyawala	3
Total respondents			144

Source: Field data

In each school, the questionnaires were administered to the school committee chairperson, one parents' representative in the school committee, and a teacher responsible for taking care of the learning and teaching materials (who is also a member of school committee), making a total of 24 school questionnaire respondents in each district and 144 for the study. The questionnaire was supplemented by focus group discussions with the parents (between 6-10) in each ward as well as key-informant interviews with the head-teachers, two Ward Education Coordinators (WECs) and one member of CSOs involved in monitoring primary education delivery in each district.

3.3 Research Tools

3.3.1 Questionnaire

A five-point Likert response format (1: very high, 2: high, 3: moderate, 4: low, 5: very low) questionnaire was used as an instrument for measuring governance of the capitation grant. The governance criteria measured by this research tool are (1) effectiveness, (2) rule of law, (3) accountability and (4) participation. Our Primary Education Capitation Grant Governance Index is based on the scale of 0=0%, 1= 1% - 20%, 2 = 21% - 40%, 3 = 41% - 60%, 4 = 61% - 80%, 5 = 81% - 100%.

3.3.2 FGDs

The perceptions of parents on governance of the capitation grant were gathered through FGDs. Focus groups provided a safe environment in which all participants were encouraged to contribute; and since individual perceptions and attitudes are shaped by their social context and are often best expressed in response to the opinions of others, they allow for the interplay of ideas and comments that build upon one another (Waters, 2010). One FGD session was conducted in each ward.

3.3.3 Key Informant Interviews

Key-informant interviews were conducted in order to shed further light on governance of the capitation grant in schools from the civic engagement and school autonomy perspectives. These informants included the head-teachers, WECs and civil society actors involved in monitoring capitation spending in schools. These information sources were selected based on their knowledge of the topic of interest by virtue of their position or occupation (see Waters, 2010).

3.4 Data Analysis Technique

Perceptions of respondents were organized into four clusters corresponding to the four criteria of governance adopted by our index. We looked at the score in order to distil the governance trends in schools' handling of the capitation grant. First, the scoring was done to

find average among the indices and then compared their levels based on the Likert scale. Second, we looked at the standard deviation in order to ascertain scores that were close to the mean. Looking at the highest and lowest scores per indicator, we were able to see the highest and lowest scores per indicator, indicating the relationship between the various indicators as well as the common perception of the respondents.

Data from the close-ended interviews was first subjected to descriptive analysis in order to identify differences in mean governance of the case councils. Since this measure misses out important details (e.g. the determinants of the capitation grant governance in schools), we used a multiple regression analysis in order to indicate the strong predictors of the level of capitation grant governance observed in our index. We used standardized coefficients, popularly known as beta coefficients, to answer the question of which of the independent variables has a greater effect on the dependent variable in a multiple regression analysis.

Excerpts from FGDs and verbatim notes from key-informant interviews were translated into English from the Swahili audio tapes, which were supplemented by the field notes. The transcripts were developed by using a three-stage coding procedure as suggested by Waters (2010). First, open coding was used to identify concepts and their properties and dimensions. This step often concentrates on response patterns to individual questions posed in the FGDs. Second, axial coding was used to relate the categories developed in the previous stage, to further refine emerging categories, and to link categories on the basis of underlying properties and dimensions. Finally, selective coding was employed to integrate and refine the major themes and relationships among them.

4.0 FINDINGS AND ANALYSIS

Descriptive statistics for the governance dimensions (effectiveness, rule of law, accountability and participation) are presented in Table 4. The findings shows that the effectiveness scored the highest at mean 4.5, followed by accountability at mean 4.3, participation at mean 3.9, and rule of law at mean 1.7. Therefore, effectiveness seems to be the most obeyed aspect of capitation grant governance in the case councils while the rule of law seems to be the feature of capitation grant governance least conformed to.

Table 4: Level of Governance of Capitation Grant in Schools

Capitation grant governance criteria	Mean
Effectiveness	4.5
Rule of law	1.7
Accountability	4.3
Participation	3.9

Source: Field data

Defined by the proxy indicators of (i) incorporation of capitation items in the school plans, (ii) preparation of procurement summary for capitation spending at schools, (iii) compliance with PEDP financial and procurement guidelines, and (iv) capitation transactions record keeping at schools, effectiveness seems to include ‘a must do list of activities’ for head-teachers and school committee members. Thus, the prominence of the effectiveness criterion should not be a surprise.

The poor performance of rule of law was expected. Defined by proxy variables of (i) knowledge of PEDP financial and procurement guidelines, (ii) awareness of capitation funds that reach schools as per formulae, (iii) cases of fraud in capitation spending reported to authorities, and (iv) suspension of teachers/school committee members accused of misusing capitation funds, conforming to rule of law in the context of the capitation grant is complicated.

Comparatively, Table 5 shows the individual governance criterion scores across the case councils. The analysis of individual mean scores indicates that the level of capitation grant governance in schools is high in Morogoro MC and Kondoa DC (average spenders) and low in Singida MC and Mvomero DC (top spenders). This suggests that increasing expenditure of the capitation grant does not go hand-in-hand with increased governance of the capitation grant in schools.

Table 5: Level of Capitation Grant Governance in Schools by District

Indicator	Ranking	District	N	Mean	Std. Deviation
Effectiveness	Top spenders	Singida MC	24	4.3	0.90
		Mvomero MC	24	4.5	0.82
	Average spenders	Morogoro MC	24	4.3	0.99
		Kondoa DC	24	4.7	0.48
	Low spenders	Songea MC	24	4.6	0.81
		Mbeya DC	24	4.3	1.13
Rule of law	Top spenders	Singida MC	24	1.6	0.93
		Mvomero MC	24	1.7	1.12
	Average spenders	Morogoro MC	24	1.9	1.23
		Kondoa DC	24	2.0	0.89
	Low spenders	Songea MC	24	1.8	0.82
		Mbeya DC	24	1.5	0.78
Accountability	Top spenders	Singida MC	24	4.1	1.28
		Mvomero MC	24	4.5	0.84
	Average spenders	Morogoro MC	24	4.4	1.19
		Kondoa DC	24	4.2	1.43
	Low spenders	Songea MC	24	4.4	1.09
		Mbeya DC	24	4.2	1.21
Participation	Top spenders	Singida MC	24	3.6	1.10
		Mvomero MC	24	3.9	1.33
	Average spenders	Morogoro MC	24	4.1	1.15
		Kondoa DC	24	3.9	1.19
	Low spenders	Songea MC	24	4.1	0.99
		Mbeya DC	24	3.8	1.58

Source: Field data

The regression results in Table 6 suggest that the civic engagement and school autonomy variables explain the variation in governance of the capitation grant in primary schools. In top spenders category, exercising agency (*Sig. 0,000*) and political awareness (*Sig. 0,000*) are strong predictors, having largest Beta coefficient (.087), and share of school own source revenues (*Sig. 0,000*) has the smallest Beta (.069). In addition, exercising agency is the strong predictor in average spenders' category with Beta .046 (*Sig. 0,001*), and share of school own source revenues has the smallest Beta, .029 (*Sig. 0,031*). School decision-making power is a strong predictor in low spenders' category with Beta, .021 (*Sig. 0,152*), and exercising agency has the smallest Beta, .006 (*Sig. 0,301*).

Table 6: The determinants of capitation grant governance in schools

	Beta values (standardized coefficients)				
	Exercising agency	Volunteerism	Political participation	School decision-making power	Own source revenues versus grants
Top spenders	.087	.081	.087	.086	.069
Average spenders	.046	.039	.035	.038	.029
Low spenders	.006	.008	.019	.021	.011

Source: Field data

The descriptive statistics show that the level of governance is high with the average spenders, where exercising agency variable has shown the relative strength. Thus, we can conclude that a change in exercising agency has a greater relative effect on capitation grant governance in schools. Correlation analysis confirms this pattern of findings: P values are between $P > .03$ to $P < .08$ and all are significant.

Exercising agency is a measure of civic engagement. Perhaps a more interesting test would be to see whether the overall contribution of civic engagement was significant. The information regarding civic engagement is also contained in political awareness and volunteerism variables. Political awareness is also a key determinant of capitation grant governance in the top spenders' category while volunteerism is not among the variables with the smallest Beta values. This implies that civic engagement is the key determinant of capitation governance in schools. In other words, demand side efforts matter for improving capitation grant governance in schools

4.1 Qualitative Assessment

Data from FGDs and key-informant interviews validated statistical findings. Indices from the governance index as well as measures of civic engagement and school autonomy were explored. Despite their top spending status, evidence from FGDs and interviews shows that schools in Singida MC and Mvomero DC do not practice aspects of capitation grant governance (effectiveness, rule of law, accountability and participation) effectively when compared to Morogoro MC and Kondo DC (average spenders).

In particular, schools are required to submit financial reports to the ward. Asked whether they receive capitation spending reports from schools, one of the WECs in Mvomero responded: "The quarterly capitation reports in our district are prepared collectively in one location in each ward. Head-teachers and their WECs sit down together after every quarter, preferably 5th of the fourth month. Head-teachers submit their bank statements and the WECs help them in writing their reports. One copy of each school report is submitted to the DEO and one copy remains at the WEC office. Village Executive Officers (VEOs) sign the reports together with the chairpersons of the School Committees and the head-teachers."

By implication, the practice indicates that some head-teachers have inadequate financial management skills for effective handling of capitation transactions. One head-teacher in Mvomero admitted that he knows nothing about book-keeping and financial management and that he and his colleagues had just attended a one hour orientation provided jointly by the DPEO and District Treasurer (DT). In addition, a key informant from Singida CSOs observed: "Head-teachers are the accounting officers of the schools. Our PETs show that they do record capitation transactions and account after every three months. However, the majority of head-teachers do not keep financial records properly. One explanation is that they do not have bookkeeping skills. They are just teachers."

On the other hand, schools in Singida and Mvomero demonstrate low downward accountability to parents and the community at large. One of the head-teachers in Singida admitted: “we do not post capitation expenditures on notice boards because we do not see the need to do so. All information is in the files and parents are attending meetings that discuss them before being approved by school committees.” This means unsuspecting parents (usually with low political awareness and weak agency exercising) may never access capitation grant expenditure information.

Civic groups in two districts were found to be active in following up capitation grant disbursements and spending in schools. In Mvomero, however, one of the WECs blamed CSOs for inciting parents to reject paying financial contributions during dialogues they conducted in schools: “Moderators told parents that schools receive capitation grant timely and in full. Some of parents believed and condemned the head-teachers for secrecy. Even worse, the discussions were recorded and aired by a local Television station. They do not know that some head-teachers use their personal salaries to buy chalk due to inadequacy of the capitation funds.”

Schools in Morogoro MC and Kondoa DC demonstrated high level of capitation grant governance despite being average spenders. The analysis shows that schools under the two councils are relatively better in conforming to governance ideals when it comes to capitation grant management. A participant in the Mafiga Ward FGD in Morogoro revealed that planning of capitation funds is done after the release of the funds. Head-teachers call the school committee meetings to discuss what to buy after receiving the funds. In Kondoa, it was observed that a procurement summary is prepared by the school administration and tabled in the school committee meeting for approval.

The research results also indicate observance of school upward accountability in Morogoro MC and Kondoa DC. One WEC in Morogoro MC recounted how he plays a middleman role between schools and district authorities. He receives information about the capitation funds from the Municipal Council, including whether the money has been deposited in the schools account, and relays that information to head-teachers. After every quarter, he receives the financial reports from each school for review and then forwards them to the Statistics and Logistics Officer (SLO), Department of Education, in the Municipal Council.

In addition, WECs in Morogoro MC conduct regular inspections at schools to check if everything is in order, including how schools spend capitation funds. “If I suspect any wrongdoing, I can request that a special audit be conducted on the school in question,” narrated one of the WECs in Morogoro MC. Another WEC added that she receives the reports from schools after every three months: “I compare them with the information I gather from my routine inspections before I forward them to the Municipal Council.”

The analysis shows that participation of parents in capitation grant management is constrained by low degree of school autonomy, particularly capitation grant conditions. Participants in the Kondoa Mjini Ward FGD reported that parents are not involved in planning for procurement of capitation grant items because they are pre-determined by the capitation grant conditions. This suggests that the hands of school committees with regard to determining capitation grant expenditures are tied.

Unlike Singida and Mvomero, schools in Mbeya and Songea submit written reports to the Village Government, who in turn submit them to ward authorities. In addition, it was reported in Songea that Mtaa Executive Officers (MEOs) are invited to attend the school committee meetings and parents meetings. Similarly, the head-teacher in Mbeya reported that VEO attend school committee meeting, who in turn briefs village authorities about the meeting deliberations.

The authorities in Mbeya and Songea are also happy with the state of accountability in schools. One WEC in Songea boasted: “I receive the reports from schools regularly and submit them to the DPEO. Head-teachers in my schools are very smart. Their books are always balanced. The SLO has never summoned me for any irregularities in the reports from my schools.” The analysis suggests that the observed upward accountability goes hand-in-hand with interference of school management affairs in Mbeya and Songea. A participant in Bombambili FGD admitted that school administrations are not free in deciding what to procure and from which suppliers.

In Mbeya, a participant in Inyala Ward FGD revealed: “In our school, there was a letter from the Council which ordered the school administration to buy materials from one shop in town. When the new members of the school committee assumed power in November last year (2010), they questioned the validity of the standing order because buying materials in town involves unnecessary transportation costs. The query helped them because the DPEO allowed the school to decide where they wanted to procure the materials needed.” This implies that school committees are free but the head-teachers (accounting officers heading the school bureaucracy) fear their superiors.

On the other hand, schools in Mbeya and Songea demonstrated low downward accountability to parents. For example, the majority of the schools surveyed in the two councils tend to post capitation grant information in the walls inside the head-teachers offices. Still, some parents could not access such information when they go to the head-teacher offices. A participant in Inyala Ward FGD in Mbeya DC alleged: “I have three children in my school and visit the head-teacher office regularly. But I don’t remember seeing any posting of grant disbursements data on the walls.” This means even an accountable parent may still miss information about the existence of capitation funds in school, let alone the spending information.

The underlying question was whether civic engagement and school autonomy explain the observed dynamics of capitation grant governance in schools. As the study anticipated, the level of civic engagement in the community where schools are located and degree of school autonomy matter for capitation grant governance. Overall, civic engagement in terms of exercising citizens' agency was found to be the more influential. In Morogoro MC, for example, one key informant pointed out that CSOs do monitoring of capitation grant disbursements in the municipality.

On the other hand, participants in the Bombabili Ward FGD in Songea MC revealed that most parents think that grants are not their rights so they do not count on them. One of them admitted: "I was not aware that parents have the responsibility of monitoring capitation spending in schools. I learned it here so from today on I will be asking the head-teacher to explain how much he has received and how he has spent it (the capitation grant) before I pay a contribution."

Share of school own source revenues is a relatively weak predictor of capitation grant governance in schools. Despite rising costs of living, the analysis shows that parents still contribute financial resources to school. In Utengule Usonge Ward, Mbeya DC, it was reported that parents pay Tshs. 11,000 for each pupil enrolled in Standard I: Tshs. 10,000 is for a desk and the remaining Tshs. 1,000 is contribution to the salary of the security guard. Such contributions are against the law because PEDP guidelines disallow any charges during enrolment. Desks are covered by the development grant, while security guard salary is among the administrative costs, which are supposed to be covered by the capitation funds.

In addition, the analysis shows that parents also contribute resources in order to offset insufficiency of capitation grants, especially in purchasing of chalk. A participant in Inyala Ward FGD revealed: "One school last month (August 2011) sent all pupils home for the lack of chalk. Village leaders intervened and ordered the head-teacher to call a parents meeting and mobilise financial contributions to rescue the situation. Parents headed the call and contributed money which was used to buy cartons of chalk."

The evidence so far indicate that school own source revenues are important for school survival due to the unpredictability of capitation grant disbursements. A participant in the Mafiga Ward FGD in Morogoro MC argued that the capitation formula is disregarded by the government and as a result parents are asked to contribute funds for things that were supposed to be covered by the capitation funds. Similar sentiments were expressed in Songea, where a WEC lamented: "that the formula is not adhered to by the higher authorities. We just do not know why. Some of us assume that the government has shifted its focus from primary education to secondary education. When we ask central government officials who visit us they simply say, many objectives in primary education have already been met."

As a coping strategy, teachers have been borrowing teaching and learning materials from vendors against the projected capitation disbursements in order to keep the schooling going. However, this has recently been proven to have a dangerous precedent as many schools failed to foot their credit sales due to chronic delays and insufficiency of the disbursed capitation funds. A WEC in Mvomero revealed that in his ward this practice has been prohibited effectively from this year (2011). He pointed out, for example, that the allocation for April-June 2011 was disbursed in August 2011, which is another financial year (2011-2012).

4.2 Discussions

Both statistical analysis and qualitative assessments consistently showed that the level of governance of the capitation grant in schools in average spending councils is higher than top spending councils and low spending councils categories. Specifically, **effectiveness** is the capitation grant governance aspect mostly adhered to in the case councils. The survey data indicates that although incorporation of capitation items in the school plans is constrained by unpredictability of disbursements, almost all schools surveyed develop procurement summaries and tabled them to school committees for approval.

The degree of effectiveness is highest in Kondoa and lowest in Mbeya DC, Morogoro MC and Singida MC. This is especially the case in development of procurement summaries and record keeping. Information from Kondoa FGDs suggests that school maintains financial records but the amounts administered are fairly small. Nonetheless, availability and accessibility of minutes and records are important because they provide participants with the opportunity to assess the extent to which agreed decisions have been implemented (HakiElimu and REDET, 2006). Thus, the primacy of the effectiveness dimension of the capitation grant governance is not surprising.

Despite the prominence of effectiveness as a measure of capitation grant governance, the analysis shows that capitation spending in primary schools is made on priority needs rather than complying with the capitation spending condition. It is difficult to comply with capitation guidelines because the money received is very little and released very late. Thus, although schools develop procurement summaries as required by PEDP guidelines, most schools still can not procure all capitation items, namely textbooks, chalk, administrative needs, examinations and repairs.

In addition, while stagnation of the capitation grant makes it difficult for many schools across the case councils to comply with PEDP financial and procurement guidelines, the majority of them are keeping capitation disbursement and spending records. For example, certain capitation items may no longer be needed when the money is deposited in the school account late and/or disbursed less, which prompts the school administration to temper with the capitation grant conditions in order to meet the current school needs. One WEC in Morogoro MC revealed that textbooks are needed at the beginning of the school year, but the funds,

despite being insufficient, arrive near the end of the term. In such a situation, a school may decide to shift the allocations from textbooks procurement to the purchasing of chalk.

The degree of **rule of law** varies across the case councils. The survey data shows that rule of law is highest in Mbeya DC and lowest in Singida MC. However, the difference among the case councils is insignificant. Overall, the analysis shows that knowledge of PEDP financial and procurement guidelines by head-teachers is declining and this was attributed to abolishment of capacity building initiatives during the PEDP II. The situation is worse for members of school committees, since seminars about their roles and responsibilities have virtually been ceased. Thus, capacity issues also undermine the observance of capitation grant governance principles among the head-teachers and members of school committees.

In addition, the analysis shows that many cases of fraud in capitation spending may not be reported to the relevant authorities. The majority of the participants in the FGDs across the case councils indicated that they have never heard any case of fraud in their schools but some of them admitted to hearing that head-teachers were transferred to other schools after being found guilty of embezzlement of funds. Similarly, a study found head-teacher who was reported to the District Council by the school committee for embezzlement and poor governance of the PEDP funds was not made accountable to the subsequent collapse of the project. The head-teacher was instead transferred to a nearby primary school in the same position (Kessy *et al.*, 2006).

Despite its complexities, a number of studies contend that rule of law is often disregarded by public officials in favour of private gains. The analysis indicates that parental contributions are embezzled even more than government grants and that there were no reports provided by the head-teachers on how these financial contributions were used. As Kessy and her colleagues (2006) revealed, a number of times, school committee members have documented the cases and taken them to higher authorities including the DPEO and the District Executive Director (DED) so that they can intervene by way of following up the matter without any success. The response of higher authority has frustrated and discouraged the villages particularly because issues which villagers believe they are serious – are treated as minor issues at district level (Kessy *et al.*, 2006).

The degree of **accountability** as an aspect of capitation grant governance is highest in Mvomero DC and lowest in Singida MC. Nevertheless, the analysis shows that schools in all case councils comply with upward accountability requirements more than downward accountability to parents and the community at large. In some the councils, the WECs collect the head-teachers in one location and assist them in preparing the school quarterly financial reports. By implication, this may compromise the power of ward authorities to take corrective measures when anomalies in the capitation grant expenditures are found.

On the other hand, information dissemination to parents and the community at large is often poorly designed (keeping financial reports in files or posting financial reports on the walls inside the head-teacher offices), leading to inadequate access of parents and the community at large. Since the head-teachers are the main source of information, such disempowering practices further sideline parents in the school accountability chain. For example, Crouch and Winkler (2009) observed that the ability of parents to directly hold schools accountable for performance depends critically on [a] their knowledge of their school's performance and the norms and standards of service delivery that apply to their school; [b] the existence of incentives for the school to respond to parental concerns and interests; and [c] the capacity of school teachers and head-teachers to make resource allocation decisions.

In addition, the analysis shows that the access to information is low even if the schools post financial reports on the notice boards. Information posted on notice boards is often presented in a relatively complicated and technical way, which makes the public notices hard to understand for ordinary citizen (Fjeldstad *et al.*, 2010). Since the majority of the participants in the FGDs across the case councils responded that they have never visited notice boards, there are reasons to question the effectiveness of this information dissemination modality and whether the information actually reaches the public (Fjeldstad *et al.*, 2004).

Head-teachers complain that outdoor notice boards are abused by community members, including tearing down the posted information. Whatever the reason, the practice of posting capitation grant information within the head-teacher offices makes it difficult for parents to follow the capitation grant transactions and hold teachers and school committee members to account. Lack of information on capitation grant management on the part of parents and biasness of the head-teachers towards upward accountability imply that parents lack means for taking appropriate actions in case of the misuse or embezzlement of capitation funds.

The analysis also indicates that some schools post information on the notice boards/walls about capitation disbursements but not capitation expenditures. This problem needs an urgent solution because head-teachers who do not share expenditures information often experience difficulties in mobilising financial resources from parents. As Kessy *et al.* (2006) found in their study of democracy and poverty in Ruvuma, a poorly instituted administration of the PEDP finances permitted some head-teachers to forcefully dominate the show, thus, the PEDP resources were embezzled openly while the voices of the people through school committee are suppressed.

The degree of **participation** as an aspect of capitation grant governance has varied across the case councils. The survey data shows that participation is highest in Morogoro MC and Songea MC and lowest in Mbeya DC. In Songea, for example, parents tend to visit the head-teachers office to ask questions as well as attending the parents meetings. On the contrary, parents in Mbeya demonstrated poor attendance in school forums, including the parents meetings. The FGDs in the district reported that many parents are very busy with their own

activities. This suggests that school accountability is predominantly determined by specific local contexts (Prinsen, 2007).

Since school committees increase downward accountability through parents' participation, meaning that inadequate parental involvement may have undermined the governance of the capitation grants. The analysis shows that head-teachers in some schools just read in the parents meeting what the school intends to achieve during the following year. More often such school plans are not known to parents beforehand so they lack any meaningful inputs during the meetings. This implies that the involvement of parents in school planning is only symbolic.

As SNV (2004) observed, local participation demands a planned and effective civic competence that is inherent in democratic governance (demand side). Thus, no matter how efficiently capitation grant can be disbursed to schools, there is no guarantee that the funds will be spent as intended and will reach the intended pupils. As for the supply side, many local officials are still sceptical of how members of the local community, some of whom have never been in a classroom, can effectively be involved in such technical activity as planning (Cooksey and Kikula, 2005).

The discussion of the four aspects of capitation grant governance in schools suggests that enabling parents to **exercise their agency** is imperative. For example, school financial reports are read by the head-teachers in parent meetings but in some schools the majority of the parents do not attend these meetings even if they receive the invitation letters. As Sundet (2004) argued, there is a need to capacitate the 'demand side' of service delivery, through ensuring that the users of social services are informed of their rights and obligations and are enabled to exercise their rights through holding the government and service providers accountable.

In comparison among councils, **volunteerism** in the forms of financial and labour contributions was found to be less important in all case councils. This was expected because the notion of volunteering in Tanzania is different from the developed world. The study shows volunteerism carries different cultural connotations to include the paid job in CSOs and anti-poverty programmes. In such a situation, the link between community volunteerism spirit and local governance is weakened.

The significance of the **political awareness** for top spenders suggests that the vibrancy of local politics can be associated with increased public funding to schools. The evidence shows that if parents feel that their vote will help in holding councillors and Village/Mtaa chairpersons to account, most of them may turn up during civic polls and general election. Given the volatility of their constituents, such elected leaders often do whatever in their power to please their voters. If parents are not happy with the capitation grant stagnation,

certainly, the councillors can influence district level disbursements so as to make their voters happy.

Apart from demonstrating more awareness by way of listening to radio, watching television and reading newspapers, parents of Singida MC and Mvomero DC are not in a position to follow-up on the use of capitation funds. This result is surprising because parents who spent more time following government news and talking with friends and family about politics are more likely to participate in school management and question school expenditures. One explanation is that some parents face structural constraints to participate in school affairs regardless of their awareness

The **school decision-making power** was found to be undermined by interference by higher authorities. In Kondoa DC, for example, one WEC revealed that he attends school committee meetings discussing the procurement summary presented by the head-teacher as an invitee. This means interference of school committee decisions by local leaders and officials could not be ruled out. Simply put, supply side measures may not help much in improving capitation grant governance in schools.

Real power depends upon capacity to make major decisions and to sanctions inappropriate behaviour (Makongo and Mbilinyi, 2003). In the context of the capitation grant, however, the use of funds has been pre-determined by the government. In case of misuse of the capitation grant by the head-teacher, the school committee can only report to the DPEO but they have no direct influence or power to take disciplinary action (Makongo and Mbilinyi, 2003). Thus, top-down bureaucratic practices continue to hold sway in the implementation of PEDP at local level.

The common complaints across the case councils were chronic delays and frequent cuts of capitation disbursements to schools. Darby, Muscatelli and Roy (2006) have examined the behaviour of local governments during episodes when their grant finance from the central government has been cut. They found that the burden of adjustment in response to a cut in grants is met by a tightening of local expenditure. They have observed during episodes of grant cuts that expenditures are cut by significant amounts and furthermore, such cuts appear to be sustained. This is particularly the case in capitation grant disbursements to primary schools in Tanzania.

In some councils, the analysis shows that amount of capitation disbursements cuts are more than half of the total capitation funds budgeted. In Morogoro Municipality, for example, the disaggregated data shows that 274 million Tshs. was budgeted for the capitation grant in FY 2010/2011 but only 92 million Tshs. was disbursed from the Ministry of Finance.¹⁹ This stagnation of the capitation grant means fewer transactions and less governance interventions

¹⁹ Key-informant interview in Morogoro MC.

at the school level. Although new institutional processes are important as a means to expand the scope of democracy and improve citizens' capabilities, Boulding and Wampler (2010) argue that improving access to government in the absence of additional resources does little to improve social services or well-being.

School committees are expected to offset revenue shortfall with **school own source revenues**. Attempt by schools to offset the shortfall are often met with resistance from parents for the claims that the government is disbursing enough funds (Morogoro MC and Kondo DC), parental inability to pay (Singida MC and Mvomero DC) and lack of civic culture (Songea MC and Mbeya DC). On the other hand, almost no reports on collection of financial contributions are provided by the head-teachers in the schools surveyed

Quest for cheap popularity among the politicians at both local and central levels is frustrating the efforts to collect more financial contributions from parents. Concerned with the equity issues in primary education, the Ministry of Education and Vocational Training (MoEVT) often raise objections to contributions from vulnerable households. This is according to government rules, which barred schools from suspending or expelling any pupils for non-payment of financial contributions. However, schools see their already small capitation grant pruned apart from chronic delays. This should be seen to be reducing school autonomy.

The government's rhetoric on financial contributions increases difficulties in collecting financial contributions as they are perceived by parents to be unfair while schools continue to lack even basic teaching material like chalk and learning material like textbooks. Nevertheless, the evidence shows that when there are well functioning school governance mechanisms, parents can better transmit their preferences to school administration and teachers can better respond to those preferences. As a result, schools provide more relevant and quality services, and, in turn, parents' willingness to pay financial contributions may increase.

The analysis shows that some teachers in the case councils use part of their wages to buy essential teaching materials such as chalk due to the erratic capitation disbursements. This means school committees are able to exercise the greatest expenditure restraint in this era of disbursement cuts due to some degree of fiscal autonomy. It is true that schools spending squeeze resulting from erratic capitation disbursements compromise the quality of education, but it also reflects the degree of autonomy enjoyed by the school, which they use to convince able parents to make contributions to offset the shortfalls and overcome unreliability of the capitation grant.

5.0 CONCLUSION AND POLICY RECOMMENDATIONS

Both statistical analysis and qualitative assessments consistently show that the level of capitation grant governance in schools in average spending councils (Morogoro MC and Kondo DC) is higher than in top spending councils (Singida MC and Mvomero DC) and low spending council (Songea MC and Mbeya DC). This suggests that increasing public expenditures is not a panacea for solving quality problems currently haunting the primary education sub-sector in Tanzania. Improving governance of disbursed funds at the school level is equally important.

The evidence across case councils has shown that frequent cuts and chronic delays of capitation disbursements are just one part of the story. More often than not, the untold story is how the school committees and school administrations manage whatever the amount that is reaching the schools. This study found that demand side factors (civic engagement in the form of exercising citizens' agency) matter most for the governance of the capitation grant in schools. Thus, exercising citizens' agency can play a critical role in improving capitation grant governance in schools.

Expectedly, the study found that the capitation grant governance is undermined by the erratic disbursements. Coping strategies include borrowing from vendors, a practice which is now prohibited in some wards. As a result, pupils face acute shortage of textbooks and teachers lack chalk. If the recent massive failures in primary schools are anything to go by, then, the public primary school sub-sector in Tanzania is destined to be a total disaster.

The study found no school in almost all case districts that has received more than half of the budgeted capitation funds over the past two years. Given that most of the pupils in these schools are from disadvantaged, marginalised, and vulnerable households, and access to quality education to the poor is among the pathways out of poverty, the Government of Tanzania may never realise its poverty reduction targets if governance challenges facing the capitation grant in primary schools are not overcome.

We are not arguing that capitation grant modality has failed to ensure resources are available in primary schools. Quite to the contrary, we are contributing to the existing knowledge of the increasing policy gap in Tanzania, by showing how good policy instruments such as capitation grant can be adopted but may never be implemented as required. Ironically, such effective policy instruments are often considered as failure by the policymakers while they have never been implemented. The following are the policy recommendations of this study:

- Some schools post capitation disbursements on the notice boards but very few post capitation expenditures. On the other hand, parents could not access the notice boards due to structural constraints. The majority of the schools surveyed post such information on the walls inside the head-teachers offices. Thus, the expected PEDP reform should

introduce quarterly school community dialogues for the head-teachers and school committee chairpersons to submit school financial reports to parents and community members for discussions to establish their authenticity.

- Head-teachers and school committees are responsible for managing and overseeing capitation grant expenditures respectively. Thus, there should be a systematic way of nurturing the financial management skills of head-teachers and developing the monitoring capabilities of the school committee members. Civil society organisations (CSOs) implementing social accountability programs in the education sector should take the lead.
- The capitation grant allocation of Tshs. 10,000 (USD 7) per pupil per year is outdated and has been devalued by inflation over the past decade. Given the importance of the capitation grant as an input to quality primary education, the amount should be increased and mechanisms put in place to ensure sustained resource availability.
- The capitation grant is a matching mechanism of a school's own revenue collection. Thus, chronic delays and insufficiency of capitation grant disbursement undermine its potential for improving the quality of primary education. Therefore, the Education Block Grant should be reformed to ring fence the capitation component and make disbursements as budgeted.
- Many parents are unaware of their rights and responsibility with regard to capitation grant governance in schools. Yet, civic engagement is the key determinant of the governance of capitation grant in schools. Therefore, donors should engage CSOs in undertaking political mobilisation projects to raise parents' and communities' awareness of their rights and responsibilities in monitoring public service delivery.

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