

# **A Preliminary Investigation into Educational Quality improvement and School Management Efficiency: the Case of Capitation Grant in Ghana<sup>1</sup>**

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## **1. Introduction**

The questions of how to develop public education system and how to finance it have continued to be primary issues, regardless of the size of the country's economy or the stage of its educational development. There is an international consensus that the government should bear the costs of public education, in particular the public basic education (which in many cases is composed of primary education, and may contain pre-primary or lower secondary education) for its significance in terms of political, economic and human rights values.

In Sub-Saharan Africa, basic education has expanded since the era of independence in 1960s using various forms of securing financial means. Countries initially introduced free primary education, but the tuition and other forms of fees began to be levied in the face of economic stagnation in 1970s and as a part of a series of reform under the structural adjustment program in the 1980s. These were experiments to finance public services without relying on taxes, but made negative effects on service users, above all the poor people, and subsequently brought about the decline in the enrollment rate (Comea, Jolly & Stewart 1987). Even Kenya and Nigeria where the local community had historically borne roles of developing social infrastructure such as schools and roads saw that difference in the financial capacity of the community had translated into the gap of quality of education (Mark & Lilis 1988).

Experiences have shown that public finance is essential in Africa for the expansion of basic education with quality and equity. As the attention increases since 2000 to quality of education, fee abolition and other related education policies need to be viewed in this context. These associated policies are not only expected to garner quantitative expansion but also internal efficiency of schools and, as much as possible, qualitative improvement such as learning ability. It seems to be taken as a matter of a natural course that a given education policy is to meet these multiple objectives in developing countries where the education resources are limited.

This research takes up a case of capitation grant in Ghana as one of such policy measures. The capitation grant is allocated directly to schools as an operating budget whose amount is determined by the number of pupils. Tuition has been free in Ghana. In 2004 when the

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government prohibited the collection of sports fees, music fees and uniform costs, they began providing the capitation grant to the poor 40 districts (later increased to 53 districts) as a pilot project to raise an enrollment rate. Schools stopped collecting the fees and in their place received the fund to fill the resource gap.

This article intends to make a provisional investigation on the effects that the capitation grant has on schools. It captures voices of policy implementers (central and local education administrators) and beneficiaries (schools and parents) and identifies the gap between the policy intents of reform-oriented educational development and reality on the ground.

Authors visited Ghana for 5 days in November 2009 and further 5 days in May 2010, conducted interviews and tested questionnaire forms. Interviews were made to head teachers of 2 schools in the central Cape Coast city and of 2 other schools in fishing villages, Mfantseman district education director, and one senior manager at Ministry of Education.

The research reveals how the capitation grant policy was implemented, analyzes interview results and presents the effect of the policies on the ground. It explains the relationship between the policy intents and effects, with related explanatory factors.

## **2. Capitation Grant as an Institution – in Relation to Education Finance and School Management**

### **2.1 Background**

Ghana's amended its constitution in 1992 and specified the free compulsory basic education. In response, the government launched the policy of Free, Compulsory and Universal Basic Education (FCUBE), as a framework for the program implementation attracting donor support. It was followed by Education Strategic Plan 2003-2015 (ESP) which continued to endorse free and compulsory nature of basic education. ESP built on existing education policy documents, identified 10 policy goals which were grouped into four areas of focus: (a) equitable access to education, (b) quality of education, (c) educational management, and (d) science, technology and TVET.

Numerous policies had been implemented in Ghana since 1990s toward universalizing basic education, but the progress was not sufficient. Fees and levies imposed on school education were found to be among main restricting factors. FCUBE acknowledged that various fees and levies other than tuition were heavy burdens on the household causing the stagnation of enrollment growth. This prompted Ghana Education Service (GES), a statutory subvented organization under Ministry of Education, to abolish all sorts of school fees (tuition, PTA fees, sports and culture fees, examination fees, etc.) which schools used to collect from parents for basic education students, including pre-primary, primary and junior secondary education.

In parallel with the move to abolish school fees with a view to promote enrollment, an idea for a policy option came up within the World Bank assisted project – Education Sector Project (EdSeP) to provide financial support for districts with grave equity problems. The capitation grant scheme as a pilot project began in 2004/2005 in the most impoverished 53 districts out of

the total 113 districts in Ghana. A part of sector budget support fund from UK Department for International Development (DFID) was also used. The concept drew on the experiences of a similar scheme in Tanzania, Uganda and Kenya (an interview with a senior MOE official in May 2010).

The pilot phase saw a success. In a year of experiment, children in pre-primary, primary and junior secondary education increased by 33.7%, 11.4% and 12.2% respectively, by the aggregate number of 147, 600 children (GES 2008, Darko, et. al. 2009). Following this success, the fee abolition-cum-capitation grant scheme was rolled out nationwide. The amount was set to be 25,000 Ghana Cedis<sup>2</sup> per boy student and 35,000 Cedis per girl student, according to the operational guideline, which was later adjusted to the unified amount of 3 Cedis (after denomination, equivalent to the former 30,000 Cedis) per student and was planned to be further increased to 4.5 Cedis from 2011/2012.

## **2.2 Delivery Mechanism**

The capitation grant is delivered to school in three installments in a year. After the approval of the amount by the parliament, the grant is allocated from Ministry of Education to District Education Office (DEO), and paid into a school account opened for each school by DEO. Each school prepares a School Performance Improvement Plan (SPIP, to be discussed later) and obtains approval from DEO on the use of the grant. The grant then is spent according to the plan. For each expense, a teacher concerned for the activity submits a Request Form to the head teacher who then get the endorsement from DEO. After an Authority Note is given, the head teacher withdraws cash from the bank account. The teacher as a grant executer produces an Advance Form to the head teacher, receives money and spends it. The teacher then prepares an Activity Report, together with Honor Certificates (evidence of spending), and the head teacher subsequently prepares an Accounting for Advances Form to complete a spending cycle.

Preparation for SPIP and the approval of grant execution is jointly handled by the head teacher and the chairman of School Management Committee (SMC, to be discussed later), both of whom are accountable for the use of the grant and prepare monthly and quarterly statements of grant use to be submitted to DEO. DEO sends an accountant to audit the grant use.

The amount of capitation grant to be allocated to each school is determined at the beginning of the school year based on the number of enrolled pupils at the end of the previous school year. To adjust for the fluctuation, each school reports the pupil information to DEO 3 times a year.

## **2.3 Management of Capitation Grant by School**

The school is expected to use the capitation grant for school management, and especially for activities that are conducive to enhancing quality of education and for its related supporting environment. SPIP has been introduced for ensuring the accountability in the use of the grant

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2 Ghana Cedi was denominated and the new cedi was introduced on July 3, 2007. Ten thousand former Cedis is equivalent to one new Cedi, which at the time of launching was close to one US dollar but has since weakened.

and as a tool to strengthen school management capacity itself in the process of utilizing the grant. Preparation of a SPIP is prerequisite for receiving the capitation grant. Initially, the SPIP was introduced in Ghana under the project assisted by United States Agency for International Development (USAID). DFID took cognizance of its effectiveness and adopted it when designing the capitation grant scheme, as revealed by the senior MOE official.

SPIP is prepared by a School Management Committee (SMC) which is composed of head teacher, teacher (s) and representatives of PTA and the local community. The exact process of preparing the SPIP varies somewhat by school. In the case of the school the authors visited, a draft was first prepared by the head teacher which was then discussed among the teachers. Each teacher was assigned to a committee responsible for various roles such as examination, culture, sports and so on. The teacher proposes necessary activities and costs for discussions with the head teacher, who makes adjustments as required. After an agreement is reached between the head teacher and teachers, the draft SPIP is presented to SMC and is finalized when both the head teacher and SMC sign on it. In the case of another school, the head teacher first receives request for budget from each teacher, then prepares a draft, and after reaching an agreement with teachers submits it to SMC for finalization.

Thus, both the school and parents are held accountable for the capitation grant to be used effectively. By combining the capitation grant and SPIP, an effective financial decentralization at the school level can be implemented.

The guideline specifies the following activities for eligible purposes of the capitation grant:

1. Teaching and learning materials, cupboard, paper, books, pamphlets
2. Stationeries: envelopes, photocopies, staples
3. School-based in-service training
4. Health and sanitation
5. Examination
6. Minor repairs
7. Bank fees
8. Sports
9. Culture

### **3. Impacts at the School Level**

#### **3.1 An Increase in Enrollment and its Implications**

From the forgoing section, policy intents of the capitation grant could be interpreted to include equitable increase in the number of students and the qualitative improvement of school management (including the capacity of financial management involving school, community and parents and an overall improvement of learning environment). Interviews with four head teachers confirmed that this is happening – they all raised the enrollment growth as a primary

impact of the capitation grant. However, the school meal program was also introduced to the sample schools around the same time in 2006, which makes it difficult to single out either for the attribution. One head teacher noted that the school meal attracts children, while the capitation grant relieves the financial burden of parents. Data from MoE also verifies that the enrollment grew after 2005.

**Table 1. Primary School Enrollment of Ghana by Region (per cent)**

Region	2003	2004	2005	2006	2007
Ashanti	79.7	84.4	-----	81.8	95.3
Brong Ahafo	80.4	85.3	-----	80.2	95.1
Central	89.7	94.2	-----	83.7	99
Eastern	87.5	88.5	-----	92.3	106.6
Greater Accra	80.4	85.6	-----	78.7	95.5
Northern	64.6	69.8	-----	84.7	100.5
Upper East	81.1	85.2	-----	61.8	88.2
Upper West	73.1	79	-----	65.9	92.1
Volta	82.6	84.7	-----	70.4	94
Western	78.6	85.5	-----	67	96.4
Average	80.2	84.4	-----	79.2	97.3

Source: Darko 2009, Table 4. P.16

One negative consequence of the increased enrollment is the shortage of school facilities. Often the class size exceeds 50 pupils. But the amount of the capitation grant is too small compared with the costs of expanding classrooms and for other school facilities, and in any case the school will not take care of these matters as they fall under the responsibility of the government.

### 3.2 School, Parents and Community Relationship

SPIP is expected to provide opportunities for parents and teachers to jointly discuss school management issues and as a result to contribute to more effective school management. The present research, however, has found that the head teachers consider the capitation grant as having negative effects on roles of the community and parents. For instance, after the introduction of the capitation grant, a goodwill donation that schools used to receive has stopped. No case was reported that the school now received more donation. All head teachers point out that this reflects the perception of parents and community that school-related expenses are the responsibility of the government. For the parents and community, the amount of the grant appears not insignificant and the school receives sufficient resources from the government.

Another negative consequence is the indifference of parents in their children's learning environment. Cases are reported that parents no longer purchase exercise books and other stationeries, and are not prepared to pay for examination.

The capitation grant as a policy tool does not admit schools to charge fees on parents. This has made it difficult for schools to levy any fees which are ambiguous whether they

are within the notion of free education. There are some cases that schools charge fees after obtaining parental understanding. One of the case is when administering the examination. Without a written form of test, a teacher uses the blackboard to give a question and a pupil reads and answers it. When parents agree that a paper form is more preferable, they are willing to contribute for the printing costs of the examination.

After the capitation grant is introduced, a goodwill donation is supposed to come to the head teacher through PTA chairman for the sake of assuring the transparency. Any financial transaction now has to involve SMC or PTA.

### 3.3 School Management

This preliminary study has found that the capitation grant is evaluated to have positive effects on school management. In rural schools, the increase in cash available at school is appreciated. One school used the grant for the welfare of teachers such as food and transportation so that the teaching and learning time is not sacrificed due to temporarily the long commuting distance.

Head teachers feel that the volume of their work has increased after the introduction of the capitation grant. They note that instances in which they have had to use their own pocket money to pay for school expenses have reduced, which has eased the psychological burden on them.

Meanwhile, the capitation grant has not been paid into their school account as scheduled, and in some cases the amount received was not corresponding to the number of pupils.

As discussed earlier, a Request Form has to be prepared each time the cash is drawn from the account regardless of the amount. One head teacher combined several Request Forms to seek approval of the DEO so that the frequency of having to go to the bank is minimized, thus sometimes delaying activities. Some amount of the withdrawn amount not fully used was retained at school and used in the next semester. With the approval of DEO the unused grant can be brought forward to the next semester, or may be paid back.

**Table 2. The Planned and Executed Amount of the Capitation Grant**

Region	2005		2006		2007	
	Planned	Executed	Planned	Executed	Planned	Executed
Ashanti	109,195	79,588	122,638	89,386	128,856	93,918
Brong Ahafo	75,468	55,470	85,388	62,762	89,802	66,007
Central	82,583	61,022	94,801	70,050	99,936	73,844
Eastern	100,191	74,356	110,941	82,330	118,094	87,639
Greater Accra	87,580	65,114	94,164	70,010	101,666	75,587
Northern	139,704	103,400	146,376	108,328	155,021	114,724
Upper East	59,539	41,204	66,664	46,135	75,052	51,940
Upper West	89,498	61,938	67,308	46,581	77,435	53,589
Volta	91,872	64,964	103,855	73,443	113,529	80,279
Western	66,019	48,484	81,469	59,860	82,717	60,762
Total	901,649	655,540	973,604	708,885	1,042,108	758,289

Source: Darko 2009, Table 2 and Table 3. P.15

### **3.4 Education Quality and Effects of the Capitation Grant as Perceived by Head Teachers**

The primary concern of the head teachers for the quality of education is whether the teaching and learning process is appropriate. The process may require the educational inputs such as textbooks, teaching materials, exercise books, teaching time and hours of study at home, and one head teacher cited the case that school provided exercise books and pencils to pupils who did not have them. The head teachers also noted that the textbooks were being provided by the government only in recent years, but parents had to purchase them in the past. The capitation grant has helped for minor repairs of blackboard and other school facilities and thus learning environment has improved.

The second concern is how to encourage teachers to use the grant effectively for instructions to pupils, use of teaching materials and for creating a conducive environment for learning. The head teachers perceive that the capitation grant has been helpful for teachers to purchase teaching materials and teaching guides. The grant also enabled schools to conduct extracurricular activities including sports and cultural activities. District supplied textbooks, chalk, registration books, assessment and continuous cumulative records on pupils. In-service training is included as part of SPIP activities and the grant is used for INSET handouts. There was a school that used the grant for constructing a teacher bungalow to reduce commuting time.

The third set of concerns are pupils' reading and writing, terminal examination results and the results of Basic Education Certificate Examination (BECE) that all students take at the end of the basic education cycle. The grant has been used for providing free supplementary classes or conducting a reading contest awarding a certificate to the winner.

With regard to the relationship between the SPIP and the quality of education, there was a view that acknowledges a clear correlation since the agreement among teachers, head teachers and the community is essential in preparing the SPIP which determines whether the grant should be used for teaching and learning materials for students and teachers, in-service training or for extracurricular activities. The SPIP when prepared by the school is in a hand-written form, but is typewritten by DEO and is returned to school. This seems to motivate schools to use a computer for a clear and legible SPIP.

On the other hand it has become apparent that provision for teaching and learning materials by school is not sufficient for a conducive learning environment, and additional support of family is desirable. In this regard, head teachers feel that parental support for study at home is getting weaker, and so does the participation of parents in PTA activities. Economic conditions of parents often oblige children to work for earning income or in some cases to beg. One head teacher pointed at the absence of a role model in the community.

While the relationship between the capitation grant or SPIP with the score of BECE has not been identified, voices were heard that the pass rate has worsened when compared with the score before the introduction of the capitation grant (in 2004). One school observed that the rate was around 30% but it used to be 80%. Automatic promotion system that was introduced in 2005 may have something to explain this situation, though this is beyond the scope of the current study.

Difference due to the commitment of head teachers is observed as to the extent of implementing teacher training both on site (at school) or by cluster training that are to cope with such conditions and other means to improve student learning. One experienced teacher at the rural primary school found it difficult to manage class with a rapidly increased number of students and was not able to improve teaching by the use of the grant, while a relatively young head teacher with Master's degree undertook a number of initiatives (various types of contests, supplementary classes, and so on). This head teacher appeared to keep SPIP-related documents neatly. She also made a reference to the use of SPIP training when it was introduced.

#### **4. Impact on Learning**

While the policy intents of the capitation grant are to increase enrollment and strengthen management capacity of schools, questions remain to be answered as to the extent to which it has made an effect on the education outcomes as measured by learning achievement. The answer may be found by examining whether the increase in enrollment and the strengthened school management capacity have positive effects on learning outcomes. The question may not be directly related to the original policy intents of the capitation grant, but it is a fairly natural one from the perspective of educational development. In this section, this question is examined in reference to the related literature, especially Darko *et. al.* (2009).

Darko's study stated that the fee abolition and school feeding have been major policy instruments typically used in Sub-Saharan Africa toward achieving EFA goals since 1990s and summarizes effects of the fee abolition. The positive side of the effects include stimulating demand for education, particularly that of the poor family. In Malawi that introduced the fee abolition policy preceding other countries in the region recorded a huge increase in the enrollment. Other countries such as Uganda, Tanzania, Lesotho, and Cameroon among others also experienced increase in enrollment from the poor families, girls, orphans and children in rural areas. But the rapid increase in enrollment is a double-edged sword having both positive and negative effects. In Malawi, deterioration in the quality of education has been conspicuous, because the learning environment, teacher training and the supply of teaching and learning materials did not kept pace with the increase in student number (Sawamura 2009). The community support for school education is also reportedly weakened after the fee abolition.

Similar negative effects are of concern in Ghana as well. Darko *et. al.* also report that difficulties perceived by GES as a consequence of the introduction of the capitation grant include classroom environment, teachers, learning materials and other educational inputs that need to be increased, and to maintain the community participation in school activities. Building on these findings, the said study has focused on three main areas as impacts of the capitation grant, namely, BECE results as a proxy for learning achievement, gross enrollment ratio (GER), and gender equity. These are collectively taken as dependent variables for the multiple regression analysis while the capitation grant, the student number per teacher, class size, enrollment rate, the number of textbook per pupil and the proportion of trained teacher within the district are



taken as independent variables. The panel data of 138 districts over 2005 to 2007 was used.

The result indicates that the capitation grant scheme has not positively influenced on the improvement in BECE results, GER, or the gender equity. Although a positive effects has not been measured on GER, the number of enrolled pupils did increase during 2005-2007. Meanwhile the number of trained teachers and the number of textbook per pupil showed a statistically significant effect on the improvement of BECE score.

Implications of the study by Darko *et. al.* for our study are that the capitation grant may not have a direct effect on learning achievement, but teacher training and provision of learning materials to pupils, as examples of the use of the grant do contribute to the improvement of learning. The grant itself is not directly spent on pupils, but it is designed to improve learning environment through schools. This means that the grant is dispersedly invested on individual pupils through the improvement of learning environment. To expect any direct effect on learning achievement may be excessive. However, the fact that the improvement in learning environment contributes to some learning gain does have a certain implication that the capitation grant, if implemented as designed and the school manages it properly, can have positive effects on learning achievement.

## 5. Conclusion

Capitation grant is a scheme of indirect subsidy to pupils distributed through school. Depending on purposes and the way the grant is used, it can have impacts at the school level, and as an indirect consequence, the pace of pupils' learning achievement may be potentially influenced. The present study has also shown some negative effects of the capitation grant and SPIP as well as their certain limitation as policy measures.

First, as for the increase in the enrollment, it is considered that the abolition of various fees as prerequisites for the capitation grant has partially contributed to the reduction of direct education costs for parents, but it is questionable whether the grant has compensated for the opportunity costs of education. For instance, in the harvest season of crops – a main source of income for rural households, quite a number of pupils help the farm work and are absent from school. In certain community, 15 Cedis (then equivalent to around ten US dollars) per day was paid as wage when one is employed for harvesting oranges, much a bigger amount than the grant per pupil per year. Regarding the direct cost, as shown by Ampiah and Yamada (2009), monthly transport costs in some cases exceed the grant per pupil. Capitation grant (or the abolition of fees) thus certainly can contribute to the increase of enrolled pupils at least transiently, but the question remains whether it is sufficient to keep the pupils in school.

Second, regarding the relationship with the community, schools perceive that the capitation grant has reduced the understanding and support of parents and the community for school education matters. There were cases in which some costs, such as the printing costs of examination paper and other minimum necessities for school learning, were charged to parents with their consent. This example shows that the capitation grant can facilitate the process that

makes school finance more transparent and can strengthen the relationship between schools and parents and the community. If SPIP is to be used to the effect of strengthening the school-community relationship, it will help boost the quality improvement of school management. This is to a large extent up to the head teacher and teachers of the school whether they recognize such effects and take concrete actions.

Turning to the perception of parents and the community in this regard, while more detailed examination will be necessary, they may have paid the fees as demanded before the introduction of the capitation grant, even if they had some doubt about the purposes due to the lack of explanation from the school side. The school-community relationship therefore has to be assessed by looking at both sides of perspectives. Such a study is expected to reveal potentials and limits of SPIP and the capitation grant.

Third, regarding the school management, the head teachers raised as positive effects of the capitation grant that the school discretion can have significant influence on its use. From the interviews we have found that some head teachers use the grant for in-service teacher training or for providing supplementary classes, while other head teachers use it for necessary countermeasures for the increased enrollment. The overall capacity of head teachers has a major role to play in determining the effects of the grant. Accordingly, the perception and behavior of head teachers remains to be studied further.

Capitation grant itself is meant to fill the financial gap resulting from the abolition of fees. This indicates that the financial burden for the public education has shifted from households to the government at least to some extent. As the use of public resources, and from the viewpoint that it influences on household behavior, a more detailed study is warranted. The present preliminary research has made it clear that the effects of the capitation grant are primarily influenced first by the capacity and perception of head teachers about learning environment and school management and secondly by the school-community/parent relationships. Both aspects need to be the focus of further analyses.

#### *Endnote*

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