

Tanzania Public Expenditure Tracking Study

**Study of the Financial and Non-financial PEDP flows
from Central government to schools in 2002 and 2003**

REPOA

Ministry of Finance, Government of Tanzania

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LIST OF ABBREVIATIONS

BEDC	Basic Education Development Committee
BOT	Bank of Tanzania
DBSPE	District Based Sector Programme for Education
DC	District Council
GoT	Government of Tanzania
JICA	Japan International Cooperation Agency
MoEC	Ministry of Education and Culture
MoF	Ministry of Finance
PCB	Prevention of Corruption Bureau
PEPD	Primary Education Development Plan
PER	Public Expenditure Review
PO-RALG	President's Office - Regional Administration and Local Government
REPOA	Research on Poverty Alleviation
TASAF	Tanzania Social Action Fund
TEN/MET	Tanzania Education Network
UAPP	Urban Authority Partnership Programme
URT	United Republic of Tanzania

EXECUTIVE SUMMARY

The Public Expenditure Review (PER) Working Group commissioned REPOA to undertake an expenditure tracking study focusing on primary education development. The main objective of the present study is, based on an extensive field study throughout Tanzania, to establish more exact knowledge on the actual amount of resources disbursed from central level that reaches the schools in PEDP.

This study distinguishes between three main flows of resources and two sub-flows:

- Capitation grant
 - o Cash part
 - o Book part
- Development grant
- Capacity building grant for school committees

In PEDP, the councils were to transfer directly to the school accounts the cash part of the capitation grant and the development grant, whereas the book part of the capitation grant and the capacity building grant were to be administered at the council level. The council was supposed to procure and transfer books to the schools and to train school committee members, by facilitating and organizing training sessions. More generally, definitions of flows and the design of the study rely on the Primary Education Development Plan endorsed by BEDC in July 2001 (URT, 2001a).

In order to establish a source of field data, 210 schools were sampled, from 21 districts, located in 7 different regions. The regions were sampled according to its ranking on the Human Development Index Ranking (URT, 2003c); councils were sampled according to their proximity to the regional headquarter, and schools within districts were sampled according to proximity to council headquarter. In the period February 27 – April 20, information was collected at central government level, at council level and at the school

level. After the data collection, a process of data entry, data cleaning and data analysis followed, resulting in this report.

Transfers and inflow of funds and monetary value of books are compared in three stages:

1. Central government transfers are compared to council transfers to *all* schools in the sampled district.
2. Council transfers to sampled schools are compared with the reported inflow at school level.
3. Central government transfers are compared to reported inflow at the sampled schools.

The main findings of this study are:

- (a) The disbursement of capitation grant from the central level to the districts has been in line with the initial plans for this program.
- (b) The transfer of development grant seems to have performed much better than the transfer of capitation grant. The recorded inflow of development grant at the school level is 84% of the central level disbursement for 2002 and 2003.
- (c) The recorded inflow of overall capitation grant at the school level is in the range of 54%-64% of the central level disbursement for 2002 and 2003.
- (d) The recorded inflow of the cash part of the capitation grant at the school level is 76-86% of the central level disbursement for 2002 and 2003.
- (e) The book part of the capitation grant is the main cause of the leakage in the transfer of capitation grant. The recorded inflow of books at the school level is 28% of the central level disbursement for 2002 and 2003.
- (f) There are huge variations in the inflow of capitation grant at the school level. In the sample, it varies from 1,600 Tsh to 8,700 Tsh per student per year.
- (g) There is a complex system of disbursement from the central level to the councils, involving three ministries (MOEC, MOF, PO-RALG) and the regions.

The main recommendation from this study is to simplify the current system of transfers within PEDP.

- (a) All PEDP transfers considered in this study should be transferred through the Accountant General.
- (b) Instead of three ministries dealing with PEDP disbursements, it is recommended that one central unit should have the full responsibility for preparing disbursement lists to the Accountant General and instructions on the use of funds to the end-users.
- (c) Given the difficulties identified at the district level, it is recommended that both the capitation grant and the development grant should be transferred directly from the Accountant General to the respective school accounts.

The recommended direct transfer system has a number of advantages:

- (a) It should substantially reduce the transaction cost of transfers both at the central and council level.
- (b) It makes the system very easy to monitor for all stakeholders.
- (c) It will immediately eliminate the observed leakages at district level.
- (d) It should contribute to a much more uniform transfer system, where all schools receive the same amount of capitation grant per student.

PART 1. INTRODUCTION AND METHODOLOGY

1.1 Introduction

In a joint effort with various donors and the World Bank, the Government of Tanzania launched the Primary Education Development Plan (PEDP) in order to increase student enrollment and to raise the quality of primary education.

It is beyond doubt that PEDP has been a major success in increasing enrollment rates. Pupil numbers have increased from 4.8 million to more than 6 million in about two years (URT (2003a)). However, it is noted that the increased number of students has added pressure for more resources at the school level, and thus it is of vital importance for the sustainability of this reform that additional resources are transferred to the schools (in terms of money, materials and teachers).

A number of studies have reported problems in the financial and non-financial transfers of PEDP (URT (2004), URT (2003a), URT (2003b), Björkman and Madestam (2003)). Particularly, it has been argued, most recently in the joint review of the PEDP conducted in November 2003, that the schools receive much less than the planned capitation grant of 10 USD per student. In many cases, it is reported that schools have received less than 2 USD per student (which is equivalent to the school fee in 2001). As part of the process of enhancing accountability and to respond to the issues raised above, the Public Expenditure Review (PER) Working Group commissioned REPOA to undertake an expenditure tracking study focusing on primary education development. The main objective of the present study is, based on an extensive field study throughout Tanzania, to establish more exact knowledge on the actual amount of resources disbursed from central level that reaches the schools in PEDP.

The PEDP-reform also aims at empowering the local communities and the schools by delegating responsibility from the central and council level to the school level. An important part of this process is the local school committees, which are intended to have

the formal responsibility of monitoring school affairs. The present study reports on the amount of money transferred from the central level to the councils for this purpose and discusses to what extent the councils have used the money for capacity building at the school level.

The team of researchers involved in this work included Wietze Lindeboom, Donald Mmari, Erasto Ngalewa and Bertil Tungodden as senior researchers and Florida Henjewe, Joanita Magongo and Godlisten Nyange as research assistants. The study was done in collaboration with MoF, MOEC and PO-RALG.

The report is organized as follows. Part 1, following this introduction, presents the general framework of the study, methodology and organization of the fieldwork. Part 2 presents an overview of the financial PEDP flows at the national level, the organization of the flows and an overall picture of central government transfers to all councils, aggregated at regional level. Part 3 compares the flow of the capitation grants from central government to the sampled councils with council disbursements to the sampled schools and reported inflows at the school level. In part 4 addresses the same issues for the development funds, including both the development grant for building and construction as well as the capacity building grant for training of school committees. Part 5, by aggregating the data for the capitation grant and the development grant, the overall pattern in the total flow of funds intended for the school level is discussed. Finally, part 6 provides a summary and some general recommendations on how to improve the system of transfers within PEDP.

1.2. Methodology and framework

This section briefly outlines the general framework of the study and the organization of the fieldwork at the central, council and school level.¹

1.2.1. General framework

The basic aim of a tracking study is to see to what extent flows of resources reach the intended final user. Within PEDP, there are many different flows of resources, not all of them intended to reach the school level. Some money is allocated for use at the central level, the regional level, the council level, and the ward level and in teacher colleges. The first part of the report provides an overview of the overall activity of PEDP and establishes the amount of resources disbursed from the central level for the purpose of reaching the schools.

The study distinguishes between three main flows of resources; the capitation grant, the development grant for construction and infrastructure (classrooms, teacher houses, desks and latrines), and the capacity building grant for school committees. Unfortunately, it is not possible to make a further split of the development grant for construction and infrastructure, due to the lack of disaggregated data at council level.

In the choice of definitions of flows and the design of the study, we rely on the Primary Education Development Plan endorsed by Basic Education Development Committee (BEDC) in July 2001 (URT, 2001a). This has two main implications. First, data are reported for the two calendar years 2002 and 2003 and not for three fiscal years (2001/2002, 2002/2003 and 2003/2004), which makes the report directly comparable with the initial PEDP-document (where the budget is given for the calendar years 2002-2006) and in line with the reporting structure at the school level. Second, the term “other charges” is not used in this analysis. The sum of capitation grant and non-capitation grant

¹ For a detailed discussion of the methodology of tracking studies, see Dehn, Reinikka and Svensson (2003).

released from MOF is often referred to as “other charges”, but this concept is not part of the PEDP budget. At the same time, as pointed out in URT (2001a), the PEDP includes all of the government resources used in primary education. Hence, in this study, for both years, the disbursements from MOF have been divided into capitation grant, non-capitation grant and teacher salaries. Finally, notice that there were some initial disbursements of capitation grant in last quarter of 2001. These disbursements were meant for the school year 2002, and thus, in this report, they are included in the calendar year 2002 at all levels of study. For further details on how the capitation grant has been calculated for each year, see Appendix 1.

The main structure of the financial and non-financial flows in PEDP was as follows in the years covered in the study. Money was disbursed from the government level to the councils. When the councils received the disbursement, they were to transfer the cash part of the capitation grant and the development grant to the capitation bank account and the development bank account of the schools respectively. Books were to be procured at the council and disbursed to schools according to a disbursement list, where the head teacher or another member of the school administration was expected to sign for books received. Finally, the councils were to administer the capacity building grant for the training of school committee members.

Given this structure, the study was divided into three parts, where the aim was to compare (a) data on disbursements at the central level with data on received PEDP funds at the council level, (b) data on received PEDP funds at the council level with data on disbursements to all schools within the councils, and (c) data on disbursements to sampled schools within the councils with data on received funds at the school level.

It turned out that it was difficult to get exact data on received PEDP-funds at the council level. Each council has an account no. 5 for education and a cashbook for this account, but, according to the council officers, sometimes the PEDP transfers are made to the deposit account of the council (and often in a bulk together with other funds) and then

later on (eventually) transferred to account no. 5.² The councils report, that it is not, therefore, always easy to identify a particular incoming transfer at the council level. Hence, the report will mainly compare disbursements from the central level with actual disbursements from the council level, even though some comments will be made on the match between reported government disbursements and reported inflows at council level.³

For this study, four different questionnaires were designed, (a) a questionnaire for the central level on disbursements to councils, (b) a questionnaire for the sampled councils on aggregate inflows from the central level and aggregate outflows to the schools in the council, (c) a questionnaire for the sampled councils on disbursements to sampled schools, and (d) a questionnaire for the sampled schools (in Kiswahili) on received funds. In this work, the questionnaire applied in the pilot study for the World Bank (Björkman, and Madestam (2003)) was used as the starting point, but it was revised thoroughly in order to capture all the flows of PEDP. The questionnaires are available upon request.

Comparing 2002 and 2003, it is important to take into account that there may have been some delays in the transfers of grants from the councils. This may imply that some disbursements made at the district level correspond to outflows from the central government in the previous year and some inflows recorded at the school level may correspond to disbursements made by the district in the previous year. Hence, we consider the overall estimates for the whole period as more robust than the specific estimates for each year.

It is also important to notice that there may several different explanations of the various leakages discussed in this report. A leakage at the district level may in some cases be due to misuse of funds, but may equally well reflect reallocation of resources at the district level, both within the education sector and between sectors. A difference between school

² Some councils, like Kibaha TC, had only established an account no. 5 in 2003, and hence for 2002 all the transfers were administrated from the deposit account of the council.

³ See also Repoa (2001) for a discussion of the system of transfers from council deposit accounts to sectoral accounts.

reports and district reports may also reflect misuse of funds, but also possibly misreporting at the district and school level. The fact that funds are not recorded at the school level does not imply that the money did not reach the schools. What it means, however, is that it was not possible to trace the money in the school records.

1.2.2. Field study – council and school level

Seven regions were selected for the study, Dar es Salaam, Kilimanjaro, Lindi, Mara, Mbeya, Rukwa, and Singida, according to a stratification based on the Human Development Index (URT (2003c)). Due to bad weather conditions, the Coast Region replaced Lindi. Within each region, three councils were sampled according to their proximity to the regional headquarters and within each council 10 schools were sampled.⁴ Hence, in total, the study covered 210 schools throughout Tanzania. A complete list of all the sampled schools is provided in Appendix 2.

A stratified sampling of the schools was conducted by dividing them into three categories based on distance to the council head quarters; (a) schools in walking distance from council headquarter, (b) schools in intermediate distance from council headquarter and (c) remote schools. In each council, four schools were randomly sampled from category (a), four schools from category (b) and two schools from category (c). The exact definitions of these three categories varied somewhat between regions, and in Nkasi we excluded from the sampling procedure some schools along Lake Tanganyika that only could have been reached by boat.

The fieldwork was conducted in the period February 27 – April 20, by two groups of researchers (twenty research assistants and two supervisors). Ahead of the field study, there was a one-day training session for the field workers and a pilot study in Kibaha DC. On the basis of this pilot, the final versions of the questionnaires were prepared.

⁴ In Coast Region, Kibaha was one of the sampled districts. This implied that we had to visit both Kibaha TC and Kibaha DC. Kibaha TC and Kibaha DC were divided in 2000, but most information was shared between the two councils up to June 2002.

One research assistant visited each school; whereas the supervisors collected data from the council headquarter. The collection of data at the council headquarters frequently involved more than five respondents from different departments (District Education Officer, Statistics and Logistics Officer, storekeeper in the education department, revenue accountant, expenditure accountant and cashier). The same office did not necessarily manage both the capitation grant and development grant. Similarly, the Statistics and Logistics Officer did the procurement of books whereas the storekeeper had all the information on distribution and handling of books.

In the final stage of this study, from April 20 – June 2, the senior researchers, together with some of the field researchers, worked extensively on quality checking the data. All councils were requested to provide further information, in many cases several times. This was mainly done by phone or fax, but some of the nearby councils were also visited a second time. Some schools were also contacted for clarifications, both by phone and physical visits, though it was more difficult to reach the school by phone, because most of them do not have a phone. In total, two senior researchers and two field researchers spent almost two months on data cleaning. This was necessary in order to establish a robust and representative data set. In this process, two schools were removed from the data set due to poor records at the school level. The final data set therefore contains 208 schools.

1.2.3. Data collection at the central level

Initially, a questionnaire was designed for data collection at the government level, but this was not a particularly useful instrument. It turned out to be quite demanding to establish an overall view of the government PEDP disbursements, partly due to the fact that these disbursements took place within three different ministries (MOEC, MOF, PO-RALG).

The senior researchers were in charge of the data collection at the government level and had a number of meetings with representatives from the various ministries in the period

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March 1 – April 15. In all cases, the aim was to establish more than one source of information for every reported disbursement, by comparing information received from the ministries, Accountant General, budget books, etc.

PART 2. THE AGGREGATE PICTURE

In order to make clear the nature and extent of the financial and non-financial flows to be tracked in this study, an overview of the aggregate flows in the first two years of the PEDP program is provided. In this section, there is also a brief comparison with the initial PEDP budgets.

2.1. Aggregate inflows and outflows

At the central level, there are three sources of funding of PEDP; the Government of Tanzania, the pooled fund financed by various donors and a joint World Bank loan and donor grant. The Government of Tanzania allocates its money through the Ministry of Finance, as part of the regular budget process. The pooled fund donors mainly transfer money into a pooled fund holding account (but sometimes in the early phase of the program money was transferred directly to the development account 13:99 of the Bank of Tanzania (BOT)), whereas the joint World Bank loan and donor grant transfers money to the primary education deposit account. The Accountant General administers all accounts.

Hence, the overall picture on aggregate inputs to the PEDP program is rather complex. Table 1 provides an estimate of the contributions of the various sources in the first two years. There may still be some donor transfers not captured and we have only used a very rough method of converting the government contribution into US dollars. Table 1 however, should provide a reasonable estimate of the inflows to PEDP in 2002 and 2003.

Table 1. Aggregate inflows to PEDP (in USD millions)

	2002	2003	Total	%
Government of Tanzania	149.3	179.5	328.8	60.9
Pooled Fund Donors	27.5	53.3	80.8	15.0
Donor grant through the World Bank	10	20	30	5.6
The World Bank (loan)	60	40	100	18.5
Total external funding	97.5	113.3	210.8	39.1
Total funding	246.8	292.8	539.6	100.0

Sources: URT (2001b,c), URT (2002b,c), URT (d,e,f), Receipts and Payments Cashbooks for the Primary Education Development Deposit Account (9931203091), the Primary Education Development Programme Account (9931202981) and Account 13:99 of the BOT.

As can be seen from Table 1, the Government of Tanzania plays the main role in financing PEDP. A large portion of this funding is related to the payment of teacher salaries, in addition to funding of capitation and development grant (see Table 2 for details). Notice also that the joint World Bank loan and donor grant constituted the main part of the external funding in 2002. In 2003, the share of the pooled donor funding has increased, but still constitutes less than 50% of the external funding.

There are three ministries involved in the running of the PEDP, these being MoF, MOEC and PO-RALG hence, one needs to take into account the disbursements made by all these ministries in order to get a complete picture of the aggregate disbursements. Table 2 provides an overview of the overall disbursements of PEDP to councils.

Table 2. Total PEDP disbursements to councils (in Tsh. thousands)

PEDP disbursements	2 002	2 003	Total	%
MOEC disbursed to schools through councils	25,932,235	27,321,793	53,254,028	
MOEC disbursed to councils for monitoring/capacity building		4,780,690	4,780,690	
Total MOEC disbursements	25,932,235	32,102,483	58,034,718	11.7
PORALG disbursed to schools through councils	56,824,832	53,505,579	110,330,411	
Total PO-RALG disbursements	56,824,832	53,505,579	110,330,411	22.2
Total donor funded disbursement	82,757,067	85,608,062	168,365,129	
MoF disbursed to councils (subvote 507)	25,793,400	32,564,509	58,357,909	
MoF disbursed to councils through regions (4332)	1,139,296	1,134,602	2,273,898	
MoF P.E.	122,433,579	145,812,020	268,245,599	
Total MoF disbursements	149,366,275	179,511,131	328,877,406	66.1
Total PEDP disbursements to councils	232,123,342	265,119,193	497,242,535	100.0

Sources: URT (2001b,c), URT (2002b,c), URT (2003d,e,f), PO-RALG (2002), PO-RALG (2003a,b), MOEC (2002 a,b,c,d), MOEC (2003a,b,c), various internal MOEC reports and financial statements from the Accountant General.

As is evident from Table 2, all three ministries play an important role in the transfer of money to the councils.⁵

⁵ It has often been claimed that PO-RALG disburses more than 98% of the PEDP expenditures, see for example URT (2003a,b), which illustrates that many stakeholders seem to have been unaware of the complexity and number of flows present in the PEDP system.

The flows that will be the focus of this study are the capitation grant, the development grant (construction and infrastructure) and the capacity building grant (school committees). Tables 3, 4 and 5 show how the transfers of these three grants have been divided among the ministries.

Table 3. Capitation grant disbursement by ministries (in Tsh. thousands)

	2002	2003	Total	%
MOEC	12,525,389	23,648,215	36,173,604	39
PO-RALG	11,000,000	16,281,045	27,281,045	29
MoF	12,418,978	17,759,620	30,178,598	32
Total	35,944,367	57,688,880	93,633,247	100

Sources: URT (2001b), URT (2002b), URT (2003d), PO-RALG (2002), PO-RALG (2003a,b), MOEC (2002a,b,c,d), MOEC (2003a,b,c) and financial statements from the Accountant General.

Table 4. Development grant, construction and infrastructure (in Tsh. thousands)

	2002	2003	Total	%
MOEC	12,935,395	685,534	13,620,929	14
PO-RALG	44,537,000	35,496,800	80,033,800	84
MoF	1,139,296	1,134,602	2,273,898	2
Total	58,611,691	37,316,936	95,928,627	100

Sources: URT (2002c), URT (2003d,f), PO-RALG (2002), PO-RALG (2003a), MOEC (2002c,d).

Table 5. Capacity Building grant (school committees) disbursement by ministries (in Tsh. thousands)

	2002	2003	Total	%
MOEC	471,050	2,988,044	3,459,094	53
PO-RALG	1,287,800	1,727,833	3,015,633	47
MoF	0	0	0	0
Total	1,758,850	4,715,877	6,474,727	100

Sources: PO-RALG (2002), PO-RALG (2003a), MOEC (2002c) and MOEC (2003b,c).

As Table 3 shows, all three ministries transfer substantial amounts of capitation grants to the councils. In the transfer of the development grant for construction and infrastructure (Table 4), however, PO-RALG is the main source. MoF plays a minor (but still not negligible) role in this part of PEDP, but is not at all involved in the funding of capacity building. The transfer of money for the training of school committees is equally shared between MoF and MOEC (Table 5).

The rest of the report will consider the extent to which these transfers have reached the school and council level. But before moving on to a detailed study of the sample of councils, the following section provides an overview of the region-wise disbursement of these grants.

2.2. Disbursement of capitation and development grants – by regions

Table 6 provides average disbursements of capitation grants to regions.

Table 6. Capitation grant disbursement by region (in Tsh. thousands)

Region	Student numbers	Student numbers	Total amount received in Capitation grant	Total amount received in Capitation grant	Per student Capitation grant	Per student Capitation grant	Average per student Capitation grant
	2002 ¹	2003 ¹	2002	2003	2002	2003	2002 and 2003 ²
Arusha	180,981	219,940	1,458,039	2,254,455	8.1	10.3	9.3
Coast Region	126,573	165,942	1,016,104	1,608,692	8.0	9.7	9.0
Dar es Salaam	307,323	361,716	2,155,805	3,494,803	7.0	9.7	8.4
Dodoma	231,518	275,210	1,617,389	2,458,295	7.0	8.9	8.0
Iringa	274,787	320,478	1,881,804	3,046,412	6.8	9.5	8.3
Kagera	278,311	362,913	2,220,208	3,642,168	8.0	10.0	9.1
Kigoma	208,099	254,739	1,506,584	2,506,465	7.2	9.8	8.7
Kilimanjaro	276,029	313,586	2,034,812	3,068,802	7.4	9.8	8.7
Lindi	98,260	121,372	897,531	1,229,145	9.1	10.1	9.7
Manyara	146,271	180,906	1,235,375	1,855,997	8.4	10.3	9.4
Mara	235,789	299,865	1,734,827	2,995,092	7.4	10.0	8.8
Mbeya	327,921	410,531	2,418,185	3,889,086	7.4	9.5	8.5
Morogoro	235,650	296,149	1,720,569	2,764,087	7.3	9.3	8.4
Mtwara	147,690	176,970	1,176,297	1,759,780	8.0	9.9	9.0
Mwanza	416,179	557,173	2,937,518	5,328,531	7.1	9.6	8.5
Rukwe	139,548	191,462	1,041,739	1,796,249	7.5	9.4	8.6
Ruvuma	177,322	215,833	1,407,896	2,084,853	7.9	9.7	8.9
Shinyanga	390,717	463,995	2,721,939	4,538,384	7.0	9.8	8.5
Singida	181,950	209,949	1,334,351	1,998,689	7.3	9.5	8.5
Tabora	197,902	243,579	1,512,849	2,341,448	7.6	9.6	8.7
Tanga	246,361	315,383	1,890,959	3,032,106	7.7	9.6	8.8
Total/Average	4,825,181	5,957,691	35,920,777	57,693,535	7.4	9.7	8.7

Note 1: These figures refer to student numbers reported to MOEC in March and December 2002, MOEC (2002a,d). This is in line with the central level procedure, where disbursements are made on the basis of student numbers reported in the previous year. The student numbers are provided in Appendix 5.

Note 2: The average per student capitation grant is calculated by taking the total disbursements in the two years and dividing the sum by the total number of students enrolled in the two years.

Sources: URT (2001b), URT (2002b), URT (2003d), PO-RALG (2002), PO-RALG (2003a,b), MOEC (2002a,b,c,d), MOEC (2003a,b,c) and financial statements from the Accountant General.

Contrary to what has been commonly believed (see for example URT (2003a,b) and Björkman and Madestam [2003]), Table 6 shows that the overall disbursement of capitation grant *from the central level* has been closely in line with the program plans.⁶ Certainly, the initial PEDP budget was to disburse 10USD per student per year, but this seems to have been revised for the year 2002. In the “Report and Recommendation of the President of the International Development Association to the executive directors on a proposed primary education development credit to the United Republic of Tanzania” (World Bank (2001:8)), it is stated that:

At the initial stage, USD 4 out of the capitation grant will be distributed to the council level in line with GOT’s current phased textbook decentralization program until full decentralization of procurement of textbooks is realized at the school level. Eventually all schools will receive USD 10 per student when they start to manage textbook purchase themselves. In order to adequately prepare all councils for developing school plans, managing grants and to test the system, the rest of the USD 6 of capitation grant will be implemented in two phases. In the first phase starting January 2002, a capitation grant of USD 3 will be provided to all schools for maintaining minimal operational costs. The additional USD 3 will be added to those schools/communities which have completed and submitted annual plans for their budgets, respecting guidelines that have been agreed upon at the council and central level. It is anticipated that around 30 councils will receive the full amount of USD 6 capitation grant by school year 2002. In the second phase starting January 2003, all schools are expected to have developed school level plans and will receive USD 6 in capitation grants.

At the central level, the policy has been very much in line with this. In 2002, about 3.4 USD was disbursed to all councils as the cash part of the capitation grant and about 4 USD for books. In 2003, the figures were 5.8 USD and 3.9 USD, respectively

It is also interesting to note that, in accordance with the plan, there is not much difference in the per student rates between regions. The present differences are probably due to inaccurate student numbers, hence Table 7 seems to confirm that the government follows a consistent and impartial policy on the distribution of capitation grant.

⁶ The World Bank pilot study (Björkman and Madestam (2003)) only looks at the disbursements of capitation grant from MoF. Hence, they do not include the disbursements from MOEC and PO-RALG. This explains their reporting of a very low level of central level disbursement and the finding of negative leakage at the school level.

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The distribution of development grant for construction and infrastructure is supposed to rely on the needs and plans of the various councils; and hence *it has never been the intention to disburse a fixed amount of development grant per student to councils*. However, in order to make the magnitude of the development grant easily comparable with the capitation grant, these disbursements are also reported in per student rates.

Table 7. Development grant (construction and infrastructure) disbursement by region (in Tsh. thousands)

Region	Total amount received in development grant	Total amount received in development grant	Per student development grant	Per student development grant	Average per student development grant
	2002	2003	2002 ¹	2003 ¹	2002 and 2003 ²
Arusha	2,039,492	1,341,950	11.3	6.1	8.4
Coast Region	2,172,054	1,843,800	17.2	11.1	13.7
Dar es Salaam	3,728,442	2,166,920	12.1	6.0	8.8
Dodoma	3,075,493	1,745,900	13.3	6.3	9.5
Iringa	1,920,323	1,262,645	7.0	3.9	5.3
Kagera	3,702,159	2,334,063	13.3	6.4	9.4
Kigoma	3,432,244	2,141,800	16.5	8.4	12.0
Kilimanjaro	2,025,726	1,622,643	7.3	5.2	6.2
Lindi	1,231,492	1,014,720	12.5	8.4	10.2
Manyara	1,232,975	941,500	8.4	5.2	6.6
Mara	2,538,094	1,315,647	10.8	4.4	7.2
Mbeya	3,411,614	2,293,008	10.4	5.6	7.7
Morogoro	2,614,205	1,704,348	11.1	5.8	8.1
Mtwara	1,851,066	1,437,164	12.5	8.1	10.1
Mwanza	6,345,373	3,670,845	15.2	6.6	10.3
Rukwe	1,558,661	848,298	11.2	4.4	7.3
Ruvuma	1,603,192	1,055,200	9.0	4.9	6.8
Shinyanga	5,942,493	3,437,645	15.2	7.4	11.0
Singida	1,989,353	1,204,394	10.9	5.7	8.1
Tabora	2,726,943	1,775,375	13.8	7.3	10.2
Tanga	3,470,304	2,159,132	14.1	6.8	10.0
Total/Average	58,611,697	37,316,993	12.1	6.3	8.9

Note 1: The same student rates are used as in Table 6.

Note 2: The average per student development grant (for construction and infrastructure) is calculated by taking the total disbursements in the two years and dividing the sum by the sum of the students enrolled in the two years.

Sources: URT (2002c), URT (2003d,f), PO-RALG (2002), PO-RALG (2003a), MOEC (2002c,d).

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On average in the two years, the development grant for construction and infrastructure has been of the same magnitude as the capitation grant. However, as can be seen from Table 8, the overall disbursement of development grant reduced substantially in 2003.

As expected, there is also sizable variation in the disbursement of development grants between councils. On average, the councils in Iringa receive the lowest amount per student (5,300 Tsh) and the councils in the Coast Region the highest amount (13,700 Tsh). Further analysis is needed in order to clarify how these distributions relate to the needs and plans of the various councils.

Finally, the PEDP budget was to disburse 500 USD per school per year. Table 8 reports on the per school (and not per student) disbursement of the capacity building grant. The central level has on average disbursed 265,000 Tsh to each school for school committee training. This is about half of what was initially planned. In addition, it is important to keep in mind that more than 4 billion Tsh has been disbursed from MOEC for capacity building at council and ward level. Central government disbursements also show a very regular interregional pattern of the capacity building grant.

Table 8. Capacity Building grant (school committees) disbursement from Central Government by region (in Tsh. thousands)⁷

	Number of Schools	Number of Schools	Total amount received in Capacity Building grant (school committees)	Total amount received in Capacity Building grant (school committees)	Per school Capacity Building grant (school committee)	Per school Capacity Building grant (school committee)	Per school Capacity Building grant (school committee) 2002 and 2003
	2002 ¹	2003 ¹	2002	2003	2002	2003	
Arusha	352	401	53,469	149,620	152	373	270
Coast							
Region	414	433	61,732	160,925	149	372	263
Dar es Salaam	194	285	29,432	106,214	152	373	283
Dodoma	561	596	84,709	230,573	151	387	272
Iringa	754	764	112,792	287,456	150	376	264
Kagera	767	824	115,387	307,705	150	373	266
Kigoma	278	386	41,866	118,559	151	307	242
Kilimanjaro	730	796	109,024	287,928	149	362	260
Lindi	362	379	54,454	140,565	150	371	263
Manyara	340	437	52,574	157,137	155	360	270
Mara	575	586	85,863	218,668	149	373	262
Mbeya	868	933	129,499	347,629	149	373	265
Morogoro	655	680	98,011	251,260	150	370	262
Mtwara	507	532	75,776	195,082	149	367	261
Mwanza	886	930	132,064	363,209	149	391	273
Rukwa	391	441	59,858	163,604	153	371	269
Ruvuma	549	608	82,613	215,127	150	354	257
Shinyanga	946	979	142,045	367,652	150	376	265
Singida	370	396	55,762	143,074	151	361	260
Tabora	539	559	80,850	210,085	150	376	265
Tanga	655	755	101,074	293,777	154	389	280
Total/Average	11,693	12,700	1758,854	4 715,849	150	371	265

Note 1: These figures refer to number of schools reported in PO-RALG (2002) and MOEC (2002c).

Note 2: The average per school capacity building grant (school committees) is calculated by adding the total disbursements in the two years and dividing by the sum of schools in the two years.

Sources: PO-RALG (2002), PO-RALG (2003a), MOEC (2002c) and MOEC (2003b,c).

⁷ These figures differ somewhat from TEN/MET (2003), due to the fact that we include the transfers of MOEC in September and December in 2003, and, moreover, classify the transfer of 1,000,000,000 Tsh. from MOEC in November 2002 as capitation grant. This classification has been confirmed by MOEC.

2.3 The structure of central level flows

It is important to notice that the three ministries differ in the way they handle financial transactions. The main picture is as follows.

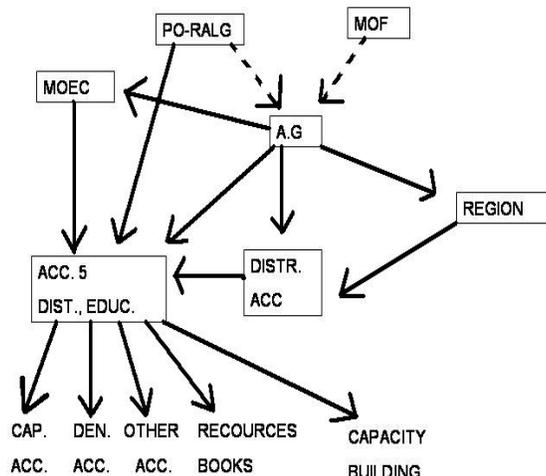
MOEC disburses the money directly to the councils after having received funds through the Accountant General, from both the holding account (after endorsement of BEDC) and the development account 13:99 at the BOT.

When money is made available to PO-RALG (sometimes from the holding account, sometimes from the development account and sometimes from the deposit account), they usually prepare disbursement lists for the Accountant General. The Accountant General then transfers the money to the councils. On one occasion however, as will be discussed below, PO-RALG disbursed the money directly without going through the Accountant General.

The MoF also prepares disbursement lists for the Accountant General, mainly following the approved estimates in the budget. The Accountant General disburses the recurrent part of the PEDP transfer to councils. Some councils report receiving these funds as part of a “bulk” transfer. The development part of the MoF transfer is sent through the regions, where the regions then are meant to transfer it to the respective councils according to the approved expenditures.

In sum, as illustrated in Figure 1, this implies that there are several different flows of funding going from the central level to the council level. The councils receive both capitation and development grants directly from MOEC, development and capitation grants from PO-RALG (disbursed by the Accountant General), capitation grants from MoF and development grant from MoF through the regions.

Figure 1. Financial flows in PEDP.



This complex system of transfers creates several problems. First, as has already been noted, it makes it very difficult to monitor the overall disbursement at the central level.⁸ Second, as will be discussed shortly, it makes it more difficult for the councils to identify the nature of the various flows and makes them responsible to different ministries. Third, it becomes very demanding for the stakeholders at the school and village level to monitor the amount of money received by the council and, therefore, to know what they are entitled to receive in grants and services. MoF always publishes the disbursements to councils in national newspapers and MOEC and PO-RALG have also done it on one occasion each (July 2003), but there is no joint publication of, for example, the overall amount of capitation transferred to each council in each quarter.⁹ Finally, the presence of many parallel systems increases the overall transaction costs within PEDP.

This study also considered to what extent the councils identify the flows in the correct manner. In all councils, information on the inflow of transfers from the central level was

⁸ This is also pointed out in TEN/MET (2003), where they observe that one of the prime problems in conducting their study was “having to deal with three ministries in order to get a complete picture” (p. 5).

⁹ It also complicates the process when the actual transfer takes place several months later than the official announcement, as was the case for the MOEC transfer of September 2003. It was published in *Daily News* on Friday July 18, 2003.

recorded and we asked them to classify these as grants for capitation, development and capacity building.

Table 10 shows to what extent the council reports match with the government reports from MOEC and PO-RALG. As can be seen, there have been some impressive improvements in 2003. The transfers from MOEC in 2003 match (almost) perfectly with the reports from the council level, and this is the case for the transfer from PORALG in June 2003 as well. This is in stark contrast to the picture of 2002, except for the initial capitation grant transfers from PO-RALG. For the rest of the PO-RALG transfers in 2002, almost all of the councils reported very differently from the central level.

A mismatch was also noted for the transfer from PO-RALG in September 2003. This particular transfer was done by PO-RALG themselves and not through the Accountant General as in all other cases. The reason for this was that PO-RALG noted that there was a substantial balance after the previous transfer of July 2003, and they decided to transfer this balance to the districts for procurement of books. The money was transferred to account no. 5 in all districts together with guidelines. Nevertheless, the fact that this transfer came directly from PO-RALG and not from the Accountant General seems to have confused the councils, as only 3 out of 21 councils reported to have received the transfer.

Table. 9 Transfers from MOEC and PO-RALG

Transfer	Disbursement identical to council report	Disbursement roughly equal to council report	Disbursement very different from council report	Disbursement not recorded at council level
Transfers from MOEC 2003	16	5	0	
Transfers from MOEC 2002	7	9	5	
Transfer from PO-RALG, July 2003	15	5	1	
Direct transfer from PO-RALG, September 2003	3			18
Other transfers from PO-RALG	1	2	18	
Capitation transfers from PO-RALG 2002	21			

Sources: PO-RALG (2002), PO-RALG (2003a,b), MOEC (2002 a,b,c,d), MOEC (2003a,b,c).and PETS 2002-2003

Table 10 reports the match between council reports and central level reports for the capitation grant from MoF.

Table. 10 Transfers from the Ministry of Finance (in Tsh. Thousands)

	Total disbursed capitation grant from MoF 2002	Total reported capitation grant from MoF 2002	Total disbursed capitation grant from MoF 2003	Total reported capitation grant from MoF 2003	Total disbursed capitation grant from MoF, 2002 and 2003	Total reported capitation grant from MoF, 2002 and 2003	Difference (%)
Coast Region							
Bagamoyo	102,570	0	126,591	0	229,161	0	100
Kibaha DC	47,240	0	77,820	16,034	125,060	16,034	87
Mkuranga	81,111	49,436	121,911	121,910	203,021	171,346	16
Dar es Salaam							
Ilala MC	226,934	366,281	316,187	472,154	543,121	838,435	-54
Kinondoni	288,797	320,609	476,634	509,134	765,431	829,743	-8
Temeke	170,931	411,438	321,319	334,526	492,250	745,964	-52
Kilimanjaro							
Moshi MC	59,326	0	80,553	0	139,879	0	100
Hai	150,105	111,646	187,507	0	337,611	111,646	67
Same	107,813	172,524	149,476	137,928	257,289	310,452	-21
Mara							
Musoma TC	80,906	76,095	84,016	89,414	164,922	165,509	0
Serengeti	91,294	50,040	134,927	0	226,221	50,040	78
Tarime	152,916	240,395	270,029	333,659	422,945	574,054	-36
Mbeya							
Mbeya MC	113,950	68,735	151,617	129,767	265,567	198,502	25
Mbozi	200,340	179,764	313,014	72,310	513,353	252,074	51
Rungwe	130,794	150,598	203,806	164,731	334,600	315,329	6
Rukwa							
Sumbawanga	54,908	35,445	85,928	88,103	140,835	123,548	12
Mpanda	104,173	44,924	149,291	25,294	253,463	70,218	72
Nkansi	70,032	41,981	95,166	35,477	165,198	77,458	53
Singida							
Singida TC	71,485	39,492	74,360	27,377	145,845	66,869	54
Iramba	133,176	149,675	160,743	169,742	293,919	319,417	-9
Manyoni	77,359	75,459	81,733	86,437	159,092	161,896	-2
Total	2,516,155	2,584,537	3,666,634	2,813,997	6,178,789	5,398,534	13

Sources: URT (2001b,c), URT (2002b,c), URT (2003d), and PETS 2002-2003

Most councils acknowledge receiving capitation grant from MoF and, in total, there is not too much of a mismatch between what MoF reports disbursing in capitation grant and the

councils report receiving. But there is a lot of variation between councils and no sign of improvement in this part of the transfer system from 2002 to 2003.

Table 11 reports on the transfers of development grants from MoF, going through the regions to the councils.

Table 11. Allocation of Development grant (for construction of classrooms) from Ministry of Finance through the Regions (in Tsh thousands)

Council	Region	Allocated through Regions (2002)	Received from Regions (2002)	Allocated through Regions (2003)	Received from Regions (2003)	Allocated through Regions (2002 and 2003)	Received from Regions (2002 and 2003)	Difference (%)
Hai	Kilimanjaro		13,975,000		240,000	0	14,215,000	
Iramba	Singida	4,998,000		10,000,000		14,998,000	0	100
Kibaha	Coastal Region		15,185,838	23,000,000		23,000,000	15,185,838	34
Manyoni	Singida	10,000,000		13,800,000		23,800,000	0	100
Musoma TC	Mara	13,700,000		18,193,000		31,893,000	0	100
Mbeya	Mbeya					0	0	
Mbozi	Mbeya		15,250,000			0	15,250,000	
Mkuranga	Coastal Region	10,000,000	6,532,000	11,000,000	5,750,000	21,000,000	12,282,000	42
Moshi	Kilimanjaro	30,000,000		26,875,000	5,002,600	56,875,000	5,002,600	91
Mpanda	Rukwa	21,000,000	21,000,000	14,995,000	14,995,000	35,995,000	35,995,000	0
Nkasi	Rukwa					0	0	
Rungwe	Mbeya	24,000,000	38,096,174	26,500,000	10,800,000	50,500,000	48,896,174	3
Same	Kilimanjaro	15,000,000	10,000,000	13,870,000	10,000,000	28,870,000	20,000,000	31
Serengeti	Mara					0	0	
Singida TC	Singida			23,000,000		23,000,000	0	100
Sumbawanga	Rukwa	20,400,000	20,400,000	20,400,000	20,400,000	40,800,000	40,800,000	0
Total		149,098,000	140,439,012	201,633,000	67,187,600	350,731,000	207,626,612	41

Sources: URT (2002c), URT (2003f), and PETS 2002-2003

There is substantial mismatch between the reported disbursements from the central level and the grants reported received at the council level through the regions. On average, councils only acknowledge receiving 59% of the development grant sent to the regions. In some cases, however, for example for Mbozi, the council reports receiving money from the region even though the region has not received any development grant from MoF. A possible explanation for this may be that the region reallocates money from other purposes. At the same time, it is important to notice that there are regions, notably

Singida, where none of the councils reports receiving *any* of the development grants disbursed through the region

2.4. Timing of central level flows

In addition to the magnitudes disbursed each year of PEDP, the timing of the flows is important. It shows to what extent the central, council and school level can work within a framework that allows for long term planning.

In general, money has not always been released according to planned timing. The first two capitation transfers from PO-RALG were disbursed on a quarterly basis and the same has to a large extent been the case for the transfers from MoF. However, the rest of the transfers from MOEC and PO-RALG have not followed a systematic pattern, as is also the case for the overall donor disbursements into the program. Appendix 3 provides an overview of the timing of the donor and World Bank inflow to PEDP and the outflows from MOEC and PO-RALG.

PART 3. CAPITATION GRANT AT COUNCIL AND SCHOOL LEVEL

This section presents the flow of capitation grant – both the cash and the book part – and estimates to what extent the money disbursed from the central level reaches the school level for the sample of schools and councils.

This is done by comparing disbursements at central and council level (section 3.1.) and disbursements at council level with the reported inflows at the school level (section 3.2). Finally, there will be a comment on variations within councils in the flows of capitation grant (section 3.3) and an aggregate overview of the results reported in this section (section 3.4).

3.1. From central government to sampled councils and from councils to schools

When the councils receive capitation grant from one of the ministries, it is supposed to disburse the cash part to the schools within seven days. The textbook part, however, was to be administered at the council level and used for procurement of books and science kits to be transferred to the schools (this is about to change in 2004, where the system will be that schools receive all the money).¹⁰

In an overall evaluation of the capitation part of PEDP, it is important to include both the cash and the book part. By only focusing on the cash part, which has been done in some previous studies, one may seriously underestimate the total value transferred to schools and overestimate the overall leakage in the system.¹¹

¹⁰ This seems to have been overlooked in Deloitte & Touche (2004), where they report that “in Kondoa and Babati capitation grants were used to purchase textbooks” (p. 8). This is of course according to the plan, and this misunderstanding of the role of textbooks also causes a confused discussion in Deloitte & Touche (2004) about the PO-RALG instructions on how to use the capitation grant (p. 7).

¹¹ In some of the discussion in both URT (2004) and URT (2003a), capitation grant seems to be interpreted as equivalent to UPE-compensation. But the UPE-compensation is only part of the capitation grant, the latter also including other cash and book transfers.

In order to establish a monetary value of the textbooks transferred to schools, an estimate of the average price for textbooks in 2002 and 2003 was needed. This was established by looking at the average book price paid in various councils, which in all cases considered was about 2,500 Tsh. As an example, Kinondoni paid on average 2,084 Tsh per book in 2002 and 2,692 Tsh per book in 2003. Taking into account the total amount of books disbursed in Kinondoni, this gives an overall average price of 2,470 Tsh. Hence, 2,500 Tsh is used as the unit price for a book transferred to the schools (which also is equal to the price used in the pilot study of the World Bank, see Björkman and Madestam (2003)). For the science kits, the list price of 440,000 Tsh is used as the estimate, even though several councils reported paying less. There is no council reporting higher values for books and science kits. Some districts also report sending some other teaching materials, like pencils, attendance books, card records, and other teaching materials, to schools, but it is not possible to record exact data on this at the school level. However, based on detailed data from Hai DC, these non-books transfers seem to be negligible, and thus we assume that they are covered in our study by the fact that we use rather high estimates of the monetary value of books and science kits.¹²

At the council level, the cash transfers and the number of books sent to *all* schools in the council in 2002 (including the capitation transfer in November 2001) and 2003 were recorded. In some cases, the cash transfers were recorded from the cashbook for account no. 5, but not always. In most cases, the book transfers were recorded from book lists signed both by council officers and school representatives. In all cases, if there were major deviations from what was reported at the school level, new inquiries were made to the council.

Table 12 compares the aggregate outflow from the council with the central level disbursements to the council.

¹² This is in line with URT (2003a), where it is observed that: “Although USD 4 is meant to cover the purchase of textbooks and teaching materials, there is little evidence of other teaching and learning aids or supplementary reading materials being procured for the schools” (p. 5)

First, it should be noticed that the councils, on average, are representative of all the councils in the country. They received 7,400 Tsh in capitation per student in 2002 and 9,700 Tsh per student in 2003. Second, Table 12 shows that there is a substantial difference between what is disbursed from the central government and what the councils report disbursing to the schools in the council. On average, for the whole period, the difference in the reported amounts or the leakage is estimated to be 38%. Notice also that there is an increase in overall leakage from 2002 to 2003. This may partly be explained by the late transfer of MOEC in December 2003, as is discussed below. In general, however, the estimates for the whole period are much more robust than the estimates for each year, due to delays and reporting mistakes, and hence we will recommend that the main focus should be on the overall picture of both years. Finally, it is important to notice that there is huge variation between councils, where Kinondoni has the lowest leakage (21%) and Mpanda the highest leakage (69%). This also translates into huge variations in the amount of capitation disbursed to the schools throughout the country. In Mpanda, the average disbursement from the council to the schools has been 2,600 Tsh, whereas the average disbursement in Kinondoni was 6,500 Tsh and even higher in Bagamoyo 6,800 Tsh.

Table 12. Per Student Disbursement of Capitation Grant from Central Government to Sampled Councils and from Councils to all Schools (in Tsh thousands)

District	Per student disbursement of Capitation grant from Central Government to Councils (2002)	Per student disbursement of Capitation grant from Councils to all schools (2002)	Per student disbursement of Capitation grant from Central Government to Councils (2003)	Per student disbursement of Capitation grant from Councils to all schools (2003)	Average per student disbursement of Capitation grant from Central Government to Councils (2002 and 2003)	Average per student disbursement of Capitation grant from Councils to all schools (2002 and 2003)	Difference (%) (2002 and 2003)
Bagamoyo	8.1	6.6	10.1	6.9	9.2	6.8	26
Kibaha	6.9	3.7	9.3	6.3	8.2	5.1	38
Mkuranga	8.9	3.1	10.7	6.8	9.9	5.3	46
Ilala MC	7.6	5.5	9.6	5.7	8.7	5.6	36
Kinondoni	6.4	5.0	9.8	7.8	8.2	6.5	21
Temeke	7.4	5.6	9.5	6.4	8.6	6.0	30
Moshi MC	7.5	5.0	9.7	5.3	8.7	5.1	41
Hai	8.0	3.8	10.2	4.2	9.2	4.0	56
Same	7.1	6.3	9.8	3.2	8.6	4.6	46
Musoma TC	9.8	7.8	10.2	5.0	10.0	6.2	38
Serengeti	7.7	5.0	10.4	7.3	9.2	6.3	32
Tarime	7.0	4.7	10.0	5.9	8.7	5.4	38
Mbeya MC	7.4	3.8	9.5	7.1	8.5	5.6	34
Mbozi	7.7	2.1	9.1	5.6	8.5	4.1	52
Rungwe	7.2	4.9	10.1	6.0	8.8	5.5	38
Sumbawanga	7.2	4.8	9.5	5.4	8.4	5.1	39
Mpanda	7.6	3.5	9.1	2.0	8.5	2.6	69
Nkansi	7.8	6.9	10.7	4.8	9.4	5.7	40
Singida TC	8.4	6.2	9.6	3.5	9.1	4.7	48
Iramba	6.9	4.7	9.2	6.8	8.1	5.8	29
Manyoni	7.7	4.3	8.6	6.1	8.2	5.3	35
Average	7.4	4.8	9.7	5.8	8.7	5.4	38

Sources: URT (2001b), URT (2002b), URT (2003d), PO-RALG (2002), PO-RALG (2003a,b), MOEC (2002a,b,c,d), MOEC (2003a,b,c), financial statements from the Accountant General, and PETS 2002-2003

Table 13. Per Student Disbursement of Cash part of the Capitation Grant from Central Government to Sampled Councils and from Councils to all Schools (in Tsh thousands)

District	Per student disbursement of the cash part of the capitation grant from Central Government to Councils (2002)	Per student disbursement of the cash part of the capitation grant from Councils to all schools (2002)	Per student disbursement of the cash part of the capitation grant from Central Government to Councils (2003)	Per student disbursement of the cash part of the capitation grant from Councils to all schools (2003)	Average per student disbursement of the cash part of the capitation grant from Central Government to Councils (2002 and 2003)	Average per student disbursement of the cash part of the capitation grant from Councils to all schools (2002 and 2003)	Differences (%) (2002 and 2003)
Bagamoyo	3.2	5.2	5.9	5.1	4.7	5.2	-10
Kibaha	3.5	3.3	5.7	5.4	4.7	4.4	6
Mkuranga	3.5	2.3	5.9	6.0	4.9	4.5	8
Ilala MC	3.4	3.5	5.7	4.7	4.7	4.2	11
Kinondoni	3.0	3.7	5.8	5.6	4.5	4.7	-5
Temeke	4.4	3.4	5.9	5.0	5.2	4.3	18
Moshi MC	3.4	3.3	5.7	3.7	4.6	3.5	23
Hai	3.3	2.6	5.9	3.3	4.7	3.0	36
Same	3.4	4.7	6.0	2.2	4.8	3.4	30
Musoma TC	3.0	5.4	5.6	3.9	4.5	4.6	-2
Serengeti	3.5	3.2	6.0	6.1	4.8	4.8	0
Tarime	3.6	3.3	6.2	4.3	5.1	3.9	24
Mbeya MC	3.3	2.3	5.8	4.8	4.7	3.6	22
Mbozi	3.4	1.5	5.2	4.4	4.4	3.1	30
Rungwe	3.5	3.0	6.1	4.6	4.9	3.9	21
Sumbawanga	3.5	4.0	5.7	3.7	4.7	3.9	18
Mpanda	3.5	2.0	5.7	1.1	4.8	1.4	70
Nkansi	3.3	5.4	6.4	3.2	5.0	4.2	17
Singida TC	3.0	4.3	5.8	2.3	4.5	3.3	28
Iramba	3.4	3.4	5.9	5.0	4.7	4.2	10
Manyoni	3.3	2.5	5.5	4.4	4.5	3.6	20
Average	3.4	3.3	5.8	4.4	4.7	3.9	18

Sources: URT (2001b), URT (2002b), URT (2003d), PO-RALG (2002), PO-RALG (2003a,b), MOEC (2002a,b,c,d), MOEC (2003a,b,c), financial statements from the Accountant General and PETS 2002-2003.

Table 14. Per Student Disbursement of Book part of the Capitation Grant from Central Government to Sampled Councils and from Councils to all Schools (in Tsh thousands)

District	Per student disbursement of the books part of the capitation grant from Central Government to Councils (2002)	Per student disbursement of the books part of the capitation grant from Councils to all schools (2002)	Per student disbursement of the books part of the capitation grant from Central Government to Councils (2003)	Per student disbursement of the books part of the capitation grant from district councils to all schools (2003)	Average per student disbursement of the books part of the capitation grant from Central Government to Districts (2002 and 2003)	Per student disbursement of the books part of the capitation grant from district councils to all schools (2002 and 2003)	Differences (%) (2002 and 2003)
Bagamoyo	4.9	1.3	4.1	1.8	4.5	1.6	64
Kibaha	3.3	0.4	3.6	0.9	3.5	0.7	80
Mkuranga	5.4	0.9	4.7	0.8	5.0	0.8	84
Ilala MC	4.2	2.0	3.9	0.9	4.1	1.4	65
Kinondoni	3.4	1.3	4.0	2.2	3.7	1.8	51
Temeke	3.1	2.2	3.6	1.4	3.4	1.7	49
Moshi MC	4.1	1.6	4.0	1.5	4.1	1.6	61
Hai	4.7	1.2	4.3	0.9	4.5	1.0	77
Same	3.7	1.6	3.8	1.0	3.8	1.3	66
Musoma TC	6.8	2.5	4.6	1.0	5.5	1.7	70
Serengeti	4.3	1.8	4.4	1.2	4.3	1.4	67
Tarime	3.4	1.4	3.8	1.6	3.6	1.5	58
Mbeya MC	4.1	1.6	3.7	2.3	3.9	2.0	49
Mbozi	4.3	0.6	3.8	1.2	4.0	1.0	76
Rungwe	3.7	1.9	4.0	1.4	3.9	1.6	59
Sumbawanga	3.7	0.8	3.8	1.7	3.7	1.3	66
Mpanda	4.1	1.5	3.4	0.9	3.7	1.2	69
Nkansi	4.5	1.5	4.3	1.5	4.4	1.5	66
Singida TC	5.4	1.9	3.9	1.2	4.6	1.5	67
Iramba	3.6	1.3	3.3	1.8	3.4	1.5	55
Manyoni	4.5	1.8	3.2	1.7	3.7	1.7	54
Average	4.0	1.5	3.9	1.4	3.9	1.5	63

Sources: URT (2001b), URT (2002b), URT (2003d), PO-RALG (2002), PO-RALG (2003a,b), MOEC (2002a,b,c,d), MOEC (2003a,b,c), financial statements from the Accountant General and PETS 2002-2003.

As shown in Table 13 and Table 14, there is a major difference in leakage between the cash part and the book part of the capitation grant.¹³ Whereas, on average, more than 80% of the cash part is reported disbursed to schools in 2002, less than 40% of the book part is reported disbursed. And the picture is consistent between councils. Almost all councils have a leakage in the book part above 50% in the period (80% or higher in Kibaha and Mkuranga). Note that this is what the councils report disbursing in books, not what the schools report receiving. We have also carefully compared the overall disbursement lists with what the councils claim disbursing to sampled schools and the match is good, and thus we consider the reported leakage in books in Table 14 as a robust estimate of the actual leakage in this part of the system.

In analyzing the cash part of the capitation, it is interesting to notice that almost all councils disbursed the main transfers from PO-RALG in 2002 and 2003 in full to the schools. Hence, the leakage in the cash part is mainly related to transfers from MOEC and MoF. This may reflect that the PO-RALG transfers are easier to identify, not only for the councils but also for all stakeholders in PEDP.

3.2. From councils to sampled schools – a comparison of reported outflow and inflow

For the ten sampled schools within each of the sampled councils, the same information was collected at the council level and the school level. For the capitation grant, the council level was asked how much cash and the number of books and science kits that had been transferred to the school and at the school level how much had been received. Ideally, this information should match, but this is not always the case. At the same time, it is not always the schools that underreport. In a number of cases, the schools reported transfers not recorded at the council level, but which were later confirmed by the council when the data was quality checked.

¹³ In Table 13, there is a negative overall leakage for three councils (Bagamoyo, Kinondoni and Musoma). This probably reflects that these councils sent some money for books directly to the schools.

Table 15. Per Student Disbursement of Capitation Grant from Council to Sampled Schools (in Tsh thousands)

District	Per Student Disbursement of Capitation grant from Council to Sampled Schools (2002)	Per Student Reported Inflow of Capitation grant at Sampled Schools (2002)	Per Student Disbursement of Capitation grant from Council to Sampled Schools (2003)	Per Student Reported Inflow of Capitation grant at Sampled Schools (2003)	Per Student Disbursement of Capitation grant from Councils to Sampled Schools (2002 and 2003)	Per Student Reported Inflow of Capitation grant at Sampled Schools (2002 and 2003)	Differences (%) (2002 and 2003)
Bagamoyo	6.3	4.0	7.1	6.8	6.8	5.5	18
Kibaha	4.0	2.9	6.6	6.7	5.4	5.0	8
Mkuranga	3.4	3.4	7.8	7.6	5.9	5.8	2
Ilala MC	4.7	4.2	7.2	5.8	5.9	5.0	16
Kinondoni	4.3	4.0	7.9	8.1	5.8	5.7	2
Temeke	5.3	3.5	5.6	5.8	5.4	4.6	15
Moshi MC	3.9	3.6	7.2	5.2	5.6	4.4	20
Hai	4.4	4.0	2.9	3.3	3.6	3.6	0
Same	5.4	4.7	4.8	4.9	5.1	4.8	6
Musoma TC	5.5	4.7	7.1	5.6	6.3	5.2	18
Serengeti	5.7	3.5	7.1	6.9	6.5	5.4	17
Tarime	4.8	3.3	5.2	4.9	5.0	4.2	16
Mbeya MC	5.5	3.0	6.8	6.3	6.2	4.8	23
Mbozi	4.7	2.5	3.5	4.5	4.0	3.6	11
Rungwe	3.3	2.3	5.3	5.1	4.4	3.7	14
Sumbawanga	3.9	3.6	6.2	5.8	5.0	4.7	7
Mpanda	3.6	2.4	2.2	2.4	2.8	2.4	14
Nkansi	5.7	4.4	6.5	4.3	6.1	4.3	30
Singida TC	5.7	5.3	5.5	4.7	5.6	5.0	10
Iramba	5.5	5.0	6.7	5.1	6.1	5.1	17
Manyoni	3.8	3.4	5.8	5.6	4.9	4.6	6
Average	4.8	3.7	6.0	5.7	5.4	4.7	13

Source: PETS 2002-2003

There is also a substantial difference between council and school reports. On average, the schools report receiving 13% less than the councils claim disbursing to the sampled schools. There are some districts, Mkuranga, Kinondoni and Hai, where there is almost perfect match between the school and district reports, but also districts, like Nkasi and Mbeya, where the difference is above 20%.

The following step will be to disaggregate this picture by looking at the cash and the book part separately. In this case, there is not much difference between the two parts of the capitation grant. For the cash part, the leakage may in some cases be explained by the observation that there are schools reporting capitation grant as development grant, but more often we observe that schools report a 5-10% lower amount than what the councils claim disbursing. It has not been possible to establish the explanation of this pattern. In some districts, there are also a substantial number of transfers from the council not recorded at the school level.

For the book part, there is mainly a very good match in absolute numbers between what the council and the school reports, but in general the schools report receiving somewhat less than the district claims disbursing. The reported number of books sent to the sampled schools is also very much in line with the number of books sent to the average school in the council, and hence these figures seem to give a robust picture of the number of books reaching the schools in the two first years of PEDP.

Table 16. Per Student Disbursement of the Cash part of the Capitation Grant from Council to Sampled Schools (in Tsh thousands)

District	Per student disbursement of the cash part of the capitation grant from Council level to sampled schools	Per student reported inflow of the cash part of the capitation grant at sampled schools	Per student disbursement of the cash part of the capitation grant from Council level to school level	Per student reported inflow of the cash part of the capitation grant at sampled school level	Average per student disbursement of the cash part of the capitation grant from Council level to sampled schools	Average per student reported inflow of the cash part of the capitation grant at sampled school level	Differences (%)
	(2002)	(2002)	(2003)	(2003)	(2002 and 2003)	(2002 and 2003)	(2002 and 2003)
Bagamoyo	5.2	2.7	5.4	5.4	5.3	4.2	21
Kibaha	3.2	2.7	5.8	5.8	4.6	4.4	5
Mkuranga	2.5	2.5	6.6	6.6	4.9	4.9	0
Ilala MC	3.4	3.0	5.9	4.8	4.7	3.9	17
Kinondoni	3.2	2.6	5.9	6.5	4.3	4.3	1
Temeke	3.2	2.4	4.6	4.5	3.9	3.4	11
Moshi MC	2.7	2.6	5.7	3.8	4.2	3.3	23
Hai	3.0	2.8	2.3	2.6	2.6	2.7	-1
Same	3.7	3.2	3.9	3.8	3.8	3.5	7
Musoma TC	3.9	2.5	5.1	4.3	4.6	3.5	24
Serengeti	3.8	2.9	5.4	5.6	4.7	4.4	7
Tarime	3.2	2.7	4.5	4.3	3.9	3.6	8
Mbeya MC	4.3	2.1	5.1	4.8	4.7	3.6	25
Mbozi	3.2	2.0	2.9	3.9	3.0	3.1	-1
Rungwe	2.5	1.8	4.5	4.3	3.5	3.1	11
Sumbawanga	3.2	3.0	4.1	3.9	3.6	3.4	6
Mpanda	2.2	1.9	1.2	1.4	1.7	1.6	6
Nkansi	3.9	2.5	5.1	3.4	4.6	3.0	35
Singida TC	3.5	3.3	4.1	4.3	3.8	3.8	0
Iramba	4.0	3.3	4.8	4.4	4.4	3.9	13
Manyoni	2.4	2.3	4.3	3.9	3.5	3.2	9
Average	3.3	2.6	4.7	4.5	4.0	3.6	11

Source: PETS 2002-2003

Table 17. Per Student Disbursement of the Book part of the Capitation Grant from Council to Sampled Schools

District	Per student disbursement of the books part of the capitation grant from Council level to sampled schools (2002)	Per student reported inflow of the books part of the capitation grant at sampled schools (2002)	Per student disbursement of the books part of the capitation grant from Council level to sampled schools (2003)	Per student reported inflow of the books part of the capitation grant at sampled schools (2003)	Average per student disbursement of the books part of the capitation grant from Council level to sampled schools (2002 and 2003)	Average per student reported inflow of the books part of the capitation grant at sampled schools (2002 and 2003)	Differences (%) (2002 and 2003)
Bagamoyo	1.2	1.3	1.7	1.4	1.5	1.4	8
Kibaha	0.8	0.2	0.8	1.0	0.8	0.6	25
Mkuranga	0.9	0.8	1.2	1.0	1.0	0.9	11
Ilala MC	1.2	1.2	1.3	1.0	1.3	1.1	14
Kinondoni	1.1	1.3	2.1	1.6	1.5	1.5	3
Temeke	2.1	1.1	0.9	1.3	1.5	1.2	25
Moshi MC	1.2	1.0	1.5	1.4	1.4	1.2	13
Hai	1.4	1.2	0.6	0.7	1.0	1.0	0
Same	1.8	1.5	0.9	1.0	1.3	1.3	6
Musoma TC	1.5	2.2	2.0	1.3	1.8	1.7	3
Serengeti	1.8	0.6	1.7	1.4	1.8	1.0	42
Tarime	1.6	0.7	0.7	0.6	1.1	0.6	44
Mbeya MC	1.2	0.9	1.7	1.5	1.5	1.2	20
Mbozi	1.5	0.5	0.6	0.6	1.0	0.5	48
Rungwe	0.8	0.5	0.8	0.7	0.8	0.6	27
Sumbawanga	0.7	0.6	2.1	1.9	1.4	1.2	8
Mpanda	1.3	0.5	1.0	1.1	1.1	0.8	26
Nkansi	1.8	1.8	1.4	0.9	1.6	1.3	14
Singida TC	2.2	2.0	1.4	0.5	1.8	1.2	32
Iramba	1.5	1.8	1.9	0.8	1.7	1.2	29
Manyoni	1.4	1.1	1.5	1.7	1.5	1.5	0
Average	1.4	1.1	1.3	1.2	1.4	1.1	18

Source: PETS 2002-2003

3.3. Variations within councils

The capitation grant is supposed to be disbursed to schools on the basis of per student enrollment. Table 6 and Table 12 indicate that this policy has been implemented at the central level, even though there is some variation in the per student rates received by the councils.

Within councils, however, it turns out to be substantial variation between schools, as shown in Table 18. In our sample, the reported inflow at school level of overall capitation grant per student per year (including both the cash part and the book part) varies from 1,600 Tsh (which is the lowest reported inflow in Mpanda) and 8,700 Tsh (which is the highest reported inflow in Kinondoni). The pattern is equally worrying at the district level. The reported disbursement of overall capitation grant to schools varies from 2,500 Tsh (which is the lowest reported disbursement in Mpanda) to 12,100 Tsh (which is the highest reported disbursement in Same).

This variation cannot be explained fully by differences between councils. Also within councils, there is huge variation. In ten councils, the difference in disbursement to schools is above 3,000 Tsh, where the highest difference is found in Same (7,800 Tsh). Similarly, in 11 districts, the difference in reported inflow at the school level is above 3,000 Tsh, where the highest difference is found in Iramba TC (5,200 Tsh).

Table 18. Variation in the Reported disbursement to and inflow of the Capitation Grant at Sampled Schools (in Tsh. Thousands)

District	Minimum of Reported Disbursement of Capitation grant to Sampled Schools (2002 and 2003)	Maximum of Reported Disbursement of Capitation grant to Sampled Schools (2002 and 2003)	Absolute difference	Minimum of Reported Inflows of Capitation grant at Sampled Schools (2002 and 2003)	Maximum of Reported Inflows of Capitation grant at Sampled Schools (2002 and 2003)	Absolute difference
Bagamoyo	5.6	8.6	3.0	4.7	7.1	2.4
Kibaha	4.3	7.6	3.3	4.1	6.4	2.3
Mkuranga	5.0	7.2	2.1	4.5	7.3	2.8
Ilala MC	5.6	6.9	1.3	2.8	6.3	3.4
Kinondoni	5.0	6.6	1.6	4.4	8.7	4.3
Temeke	4.7	6.8	2.1	3.2	6.6	3.4
Moshi MC	3.5	6.6	3.1	3.1	6.1	3.0
Hai	2.8	9.1	6.3	2.2	5.7	3.5
Same	4.3	12.1	7.8	4.0	7.8	3.8
Musoma TC	4.8	8.7	3.9	3.5	8.2	4.7
Serengeti	4.8	8.2	3.4	4.3	7.4	3.1
Tarime	4.1	8.3	4.1	3.8	6.0	2.2
Mbeya MC	5.2	8.8	3.6	4.2	5.2	1.1
Mbozi	3.5	4.6	1.1	3.0	4.3	1.3
Rungwe	3.5	5.2	1.7	1.8	4.8	3.1
Sumbawanga	3.5	10.1	6.6	3.6	6.6	3.0
Mpanda	2.5	3.6	1.0	1.6	3.4	1.9
Nkansi	5.4	7.1	1.7	2.5	5.4	2.9
Singida TC	4.7	7.0	2.3	4.4	6.1	1.6
Iramba	4.4	7.1	2.7	2.4	7.6	5.2
Manyoni	3.9	6.6	2.7	3.7	5.9	2.2

Source: PETS 2002-2003

3.4. Summary on capitation

This section puts the various parts together and considers the overall leakage in the transfer of the capitation grant, from central level through the councils and to the schools. Table 19 provides an overview for all the councils, whereas an overview for each of the councils is provided in Appendix 4.

Table 19. Overview of per Student Disbursement of the Capitation Grant from Central Government to Sampled Councils and from Councils to All and Sampled Schools (in Tsh thousands)

	(2002)	(2003)	(2002 and 2003)
Central level disbursement to all Councils	7.4	9.7	8.7
Central level disbursement to sampled Councils	7.4	9.7	8.7
Council disbursement to all schools in District	4.8	5.8	5.4
Council disbursement to sampled schools in district	4.8	6.0	5.4
Capitation grant inflow reported by sampled schools	3.7	5.7	4.7
Difference between central government disbursement and inflow at sampled schools	50%	42%	46%

Sources: URT (2001b), URT (2002b), URT (2003d), PO-RALG (2002), PO-RALG (2003a,b), MOEC (2002a,b,c,d), MOEC (2003a,b,c), financial statements from the Accountant General and PETS 2002-2003.

Table 19 shows that the sampled schools and councils provide a representative picture of the present situation. The sampled councils receive on average the same amount as the average council in the country and the sampled schools in each council receive on average the same amount as the average school in the council.

There seems to be substantial leakage in the transfer of the capitation grant from the central level to the schools. The baseline estimate for the two years is an overall leakage of 46%. This implies that out of a total amount of 93.6 billion Tsh disbursed from the central level in 2002 and 2003 in capitation grant, 50.6 billion Tsh seems to have been recorded at the school level by the end of 2003.

In analyzing this leakage, one should also take into account the possibility of delays in transfers from councils to schools. This may explain much of the difference between 2002 to 2003, but it may also contribute to explain part of the overall leakage in the whole period. MOEC made a capitation transfer in December 2003, and the data does not establish how much of this transfer was disbursed and recorded at the school level in the same year. All councils acknowledge receiving the transfer in 2003, and hence they should have had sufficient amount of time to

disburse it as a transfer for 2003 before visiting the schools in March 2004 (the instruction is to do it within seven days), and, similarly, for the book part of this transfer.

Some councils seem to have made disbursements from this transfer to the schools in 2003. However, in order to establish a robust interval estimate, the effect of assuming that the whole MOEC transfer has been delayed at the council level is estimated. In this case, an estimate of how much of this transfer will be disbursed to the schools in 2004 is needed. To provide a lowest possible estimate of the leakage, let us assume that all of the cash part of this transfer will be sent to and recorded at the school level and that the leakage in the book part will be the same as for the previous transfers. In this case, we have the following adjusted estimate of the leakage in overall capitation.

Table 20. Overview of per Student Disbursement of the Capitation Grant from Central Government to Sampled Councils and from Councils to All and Sampled Schools, adjusted for the December 2003 transfer by MOEC (in Tsh thousands)

	(2002)	(2003)	(2002 and 2003)
Central level disbursement to sampled councils	7.4	9.7	8.7
Council level disbursement to all schools in council	4.9	8.2	6.6
Inflow at sampled schools	3.7	6.9	5.6
Difference between central government disbursement and reported inflow at sampled schools	50%	29%	36%

Sources: URT (2001b), URT (2002b), URT (2003d), PO-RALG (2002), PO-RALG (2003a,b), MOEC (2002a,b,c,d), MOEC (2003a,b,c), financial statements from the Accountant General and PETS 2002-2003.

Table 20 gives a low estimate of the overall leakage, and thus, taking into account Table 19, a robust interval estimate is that the overall leakage in capitation is in the range 36-46% for the two years.

Table 21. Estimated Availability of Books in Sampled councils

District	Per Student and per Subject Availability of text books at sampled schools (2001)	Per Student and per Subject Availability of text books at sampled schools (2002)	Per Student and per Subject Availability of text books at sampled schools (2003)
Bagamoyo	1.2	1.2	1.2
Kibaha DC	1.0	0.7	0.8
Mkuranga	1.4	1.1	1.1
Ilala	1.5	1.3	1.2
Kinondoni	1.2	1.5	1.5
Temeke	1.2	1.2	1.3
Moshi MC	1.5	1.3	1.3
Hai	1.2	1.0	1.0
Same	1.5	1.4	1.2
Musoma TC	1.4	1.7	1.5
Serengeti	1.4	1.1	1.2
Tarime	1.3	1.0	0.8
Mbeya MC	1.5	1.3	1.2
Mbozi	1.5	1.1	0.9
Rungwe	1.7	1.2	1.0
Sumbawanga	1.5	1.2	1.6
Mpanda	1.5	1.0	0.9
Nkasi	1.2	1.2	1.1
Singida TC	1.3	1.5	1.2
Iramba	1.5	1.5	1.1
Manyoni	1.4	1.3	1.4
Total	1.3	1.2	1.2

Source: URT (2003a), MOEC (2002a,d) and PETS 2002-2003

The leakage in the book part is the most important problem in the transfer of the capitation grant, and thus some further discussion of this issue follows.¹⁴

First, it should be noted that the schools report receiving fewer books from the councils in 2002 and 2003 than in 2001. Second, the absolute number of books distributed to schools is probably insufficient to cover the depreciation of the existing stock of books and the inflow of new

¹⁴This observation is in stark contrast to URT (2003a), which reports that “considerable amounts of books have been disbursed to schools, the book-to-pupil ratio has improved and teachers, pupils and parents are very pleased with the trend of improvements in this area” (p. 5). But the reported leakage in the book part of the capitation grant is very much in line with URT (2002a), where it is stated that “lack of clear guidance is likely to provide loopholes for councils to spend the money for textbooks and teaching learning materials on something else”, (p. Roman 10) and URT (2003b) which observes that “the remaining funds were to be used centrally at the council level to procure books. There is no evidence to suggest that textbooks were procured and distributed to schools. There is need to make follow-up to get up-dated on the status of the textbook procurement” (p. 42).

students. As an illustration of the latter we simulate the availability of textbooks per student in the sampled councils. (URT (2003a, p. 44)) estimates the textbook student ratio to be 1:4 to 1:7 in 2002 (implying the number of textbooks to be between 0.9 and 1.5 per student). On the basis of this, let us assume that the availability of books per student was 1.2 for the year 2000. Moreover, assume that a textbook has a lifespan of three years. Table 23 then shows the impact of the inflow of textbooks at school level under the Interim Textbook Program in 2001 and subsequently under PEDP in 2002 and 2003. As we can see, following an increase in textbook availability in the Interim Textbook Program, textbook availability has decreased in the PEDP period.

PART 4. DEVELOPMENT GRANT AT COUNCIL AND SCHOOL LEVEL

In section 4.1, we will report on the flow of the development grants and estimate to what extent the money disbursed from the central level reaches the school level for the sample of schools and councils. This is done by comparing disbursements at central and council level and disbursements at council level with the reported inflows at the school level. Finally, an aggregate overview of the results reported in this section will be provided. In order to make this part of the report easily comparable with section 3, we will report per student disbursements of the development grant. But it is important to keep in mind that the PEDP *does not aim at disbursing an equal per student rate of the development grant to all schools*. The distribution of the development grant is supposed to be need based and hence variation between councils should be expected.

In section 4.2, the central level disbursement of the capacity building grant is compared with the amount of money spent on capacity building at the council level. It is not the plan to disburse these funds to the schools, so no comparisons between council reports and school reports can be made in this respect. But at the school level, it was recorded to what extent the school committee members had received this kind of training and we provide an overview table giving some indication of to what extent the capacity building grant has reached the school level.

4.1. Development grant for building and construction

When the councils receive development grant from one of the ministries, it usually disburses it directly to the schools' development grant account. In some cases, however, the council paid the contractors directly (for the building of classrooms), and we also observed councils sending materials (like desks) and not money to the schools. All these transfers are included in the estimate of council level disbursements, by using the receipts of payments to contractors and reported monetary value of materials. The councils also received funding for construction from District Based Support Programme for Education (DBSPE), Tanzania Social Action Fund (TASAF) and various donors (like JICA, World Vision, and UAPP). These sources of funding

are not included in the study, which focuses solely on tracking PEDP funds. For the same reason, we have not included construction disbursements financed by council's own resources.

In some of the councils, we initially received reports that implied huge negative leakage in the development grant. In other words, the schools reported receiving more money than the councils disbursed. It turned out that this was mainly due to the creation of new schools. The development grant for new schools is often (but not always) sent to the development account of a nearby school, which then is instructed to supervise the building of the new school. In the initial field research, the school and council reported differently in these cases. The established schools reported receiving the money, but the councils did not report it as disbursed to this school (because it was intended for the new schools). Both ways of reporting were correct and reasonable, but it caused some initial confusion. However, in all cases where excessive leakage was observed, both negative and positive at the school level, we contacted the council again (and when possible the schools) and clarified to what extent the difference was due to a difference in the reporting system or something else.

Table 22 compares the reported disbursement of development grants at the central level with the council reports on what they disburse to all schools in the councils. As can be seen, the performance of the development grant is much better than the performance of the capitation grant. Whereas the estimated difference between disbursement at central and council level was 38% for the capitation grant (before adjusting for the late MOEC transfer), the overall leakage from the central to the council for the development grant is estimated to be only 6%. It is important to notice that this leakage is mainly explained by huge leakages in some particular councils, especially Serengeti and Tarime.

In some cases, there is still a negative difference between what the central government and the councils report disbursing. In Mpanda, this is probably due to a major reallocation of the cash part of the capitation grant. As observed in Table 15, the leakage in this part of the transfer system is 69% in Mpanda, but some of this money seems to have been sent to the schools for development purposes. A similar reallocation may explain the negative leakage in Hai and Rungwe.

Finally, notice that the difference in performance in 2002 and 2003 probably can be explained by a delay in the transfers from the council level. MOEC made a transfer of development grant in December 2002, but many districts seem not to have managed to send this to schools before in 2003. However, note that there was no similar late transfer in development funds in 2003. The last development transfer was done by PO-RALG in July 2003 and hence the figures for 2002 and 2003 taken together should be a robust estimate of the performance of this part of PEDP.

Table 22. Per Student Disbursement of Development Grant (building and construction) from Central Government to Sampled Councils and from Councils to all Schools (in Tsh thousands)

District	Per student disbursement of development grant (construction) from central level to sampled Councils (2002)	Per student disbursement of development grant (construction) to all schools (2002)	Per student disbursement of development grant (construction) from central level to sampled Councils (2003)	Per student disbursement of development grant (construction) to all schools (2003)	Per student disbursement of development grant (construction) from central level to sampled Councils (2002 and 2003)	Per student disbursement of development grant (construction) to all schools (2002 and 2003)	Difference (%) (2002 and 2003)
Bagamoyo	19.5	18.0	13.7	14.9	16.3	16.3	0
Kibaha	12.6	10.9	10.6	11.4	11.5	11.1	3
Mkuranga	16.4	13.9	7.0	8.1	10.7	10.4	3
Ilala MC	11.0	10.2	5.0	4.9	7.7	7.3	6
Kinondoni	12.4	9.8	6.7	8.7	9.4	9.4	1
Temeke	12.7	10.2	5.9	7.9	9.0	8.9	1
Moshi MC	8.8	6.7	5.9	5.9	7.3	6.3	13
Hai	5.0	5.2	3.4	3.6	4.1	4.3	-5
Same	3.4	1.0	3.0	3.9	3.2	2.6	19
Musoma TC	11.1	9.6	5.5	4.8	7.9	6.8	13
Serengeti	10.3	10.8	5.4	0.0	7.6	4.8	37
Tarime	10.8	0.8	3.7	6.2	6.7	3.9	42
Mbeya MC	7.8	5.4	4.1	5.2	5.8	5.3	9
Mbozi	13.2	11.1	6.9	8.4	9.6	9.6	0
Rungwe	11.0	9.1	6.2	8.0	8.4	8.5	-2
Sumbawanga	9.0	8.1	4.7	4.0	6.6	5.9	12
Mpanda	13.0	8.2	4.5	10.3	7.9	9.5	-21
Nkansi	12.2	12.2	5.8	5.8	8.6	8.6	0
Singida TC	10.0	9.5	5.1	5.2	7.3	7.1	2
Iramba	8.4	7.1	4.9	5.7	6.5	6.4	2
Manyoni	15.2	12.4	7.9	9.4	11.0	10.7	3
Average	11.1	8.6	5.8	7.0	8.2	7.7	6

Sources: URT (2002c), URT (2003d,f), PO-RALG (2002), PO-RALG (2003a), MOEC (2002c,d), and PETS 2002-2003

Table 23 compares the council reports on disbursements to sampled schools with the reported inflows at the school level. In this part of the transfer system, the development grant performs slightly better than the transfer of capitation grant. Whereas the estimated leakage between the council and the school was 13% (Table 15), the average leakage for the development grant is 10% (see Table 23).

The overall leakage from districts to school can mainly be explained by the performance of a few councils, Hai, Musoma TC, Serengeti, Mbeya and Mpanda. In some other councils, like Kibaha, Kinondoni, Temeke, Mbozi, Rungwe and Manyoni, the match between school reports and council reports is very good. In Nkasi, the schools report receiving more than the districts claim disbursing. This can be explained by the fact that almost all schools report one particular development transfer from the council as capitation grant.

Table 23. Per Student Disbursement of the Development Grant (building and construction) from Council to Sampled Schools (in Tsh thousands)

District	Per student disbursement of development grant (construction) from Council to sampled schools (2002)	Per student reported Inflow of development grant (construction) at sampled schools (2002)	Per student disbursement of development grant (construction) from Councils to sampled schools (2003)	Per student reported inflow of development grant (construction) at sampled schools (2003)	Per student disbursement of development grant (construction) from Council to sampled schools (2002 and 2003)	Per student reported Inflow of development grant (construction) at sampled schools (2002 and 2003)	Difference (%) (2002 and 2003)
Bagamoyo	12.5	9.2	10.7	12.2	11.5	10.8	6
Kibaha	11.5	11.4	8.1	8.1	9.6	9.6	0
Mkuranga	1.3	16.3	17.7	5.6	10.7	10.2	5
Ilala MC	8.0	9.0	5.8	3.9	6.9	6.4	7
Kinondoni	9.9	5.6	9.1	14.8	9.6	9.5	1
Temeke	6.1	5.8	6.4	6.8	6.3	6.3	0
Moshi MC	6.0	4.2	4.1	4.2	5.0	4.2	16
Hai	2.3	2.4	4.8	1.3	3.7	1.8	50
Same	3.6	3.2	1.2	1.2	2.3	2.1	9
Musoma TC	13.1	6.8	9.8	9.5	11.3	8.2	28
Serengeti	10.3	6.5	5.9	5.7	7.8	6.1	23
Tarime	4.5	5.3	5.1	3.7	4.8	4.4	8
Mbeya MC	13.4	6.4	8.7	5.8	10.9	6.1	44
Mbozi	13.1	12.7	1.3	1.2	6.6	6.4	3
Rungwe	17.9	17.8	8.9	8.1	13.2	12.7	4
Sumbawanga	6.5	5.1	4.8	4.9	5.7	5.0	12
Mpanda	9.9	11.4	9.8	4.8	9.8	7.8	21
Nkansi	9.6	8.6	2.7	4.0	5.8	6.1	-5
Singida TC	7.8	6.9	6.1	6.1	6.9	6.5	6
Iramba	8.6	7.1	5.3	4.9	6.8	5.9	14
Manyoni	13.3	11.5	5.0	6.0	8.8	8.5	3
Average	8.8	7.5	6.6	6.3	7.7	6.9	10

Source: PETS 2002-2003

Table 24. Overview of per Student Disbursement of the Development Grant from Central Government to Councils and from Sampled Councils to All and Sampled Schools (in Tsh thousands)

	2002	2003	2002 and 2003
Central level disbursement to sampled Councils	11.1	5.8	8.2
Council disbursement to all schools in district	8.7	7.0	7.7
Council disbursement to selected sampled schools in district	8.8	6.6	7.7
Development grant inflow reported at sampled schools	7.5	6.3	6.9

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Sources: URT (2002c), URT (2003d,f), PO-RALG (2002), PO-RALG (2003a), MOEC (2002c,d), and PETS 2002-2003.

Table 24 provides an overview of the overall picture emerging from this analysis. Overview tables for each council are presented in Appendix 6.

As can be observed, the sampled councils are representative for the overall picture in the country (receiving 8,200 Tsh per student per year vs. 8,700 Tsh per student per year to the average council) and the sampled schools are fully representative for the schools within their councils. In sum, the estimated overall leakage in the transfer of the development grant is 16% for the two years taken together. This implies that out of a total amount of 98.8 billion Tsh disbursed from the central level in 2002 and 2003 in development grant, 80.6 billion Tsh seems to have been recorded at the school level by the end of 2003.

We have also briefly studied to what extent disbursements of development grant are based on the needs of the schools. Table 25 shows to what extent the development grant has been allocated to schools with more than 50 pupils per classroom. In 78% of the transfers, this has been the case. 8% of the development transfers, on the contrary, have been to schools with less than 50 students per classrooms. This indicates that the disbursement of development grant has been need based, which is also supported by regression analysis showing that the number of students per classrooms is a statistically significant variable in explaining the amount of development grant received by schools.

Table 25. Adequacy in the allocation of Development Grants for Classroom construction

District	More than 50 pupils per classroom and development funds provided (%)	Less than 50 pupils per classroom and no development funds provided (%)	More than 50 pupils per classroom and development no funds provided (%)	Less than 50 pupils per classroom and development funds provided (%)
	(2002 and 2003)	(2002 and 2003)	(2002 and 2003)	(2002 and 2003)
Bagamoyo	90			10
Kibaha	80		20	
Mkuranga	70	10		20
Ilala MC	50	20	30	
Kinondoni	80		20	
Temeke	100			
Moshi MC	60		30	10
Hai	50	30	20	
Same	60		40	
Musoma TC	70			30
Serengeti	80			20
Tarime	80			20
Mbeya MC	100			
Mbozi	90		10	
Rungwe	70			30
Sumbawanga	90		10	
Mpanda	70		30	
Nkansi	90		10	
Singida TC	100			
Iramba	80		10	10
Manyoni	90			10
Average	78	3	11	8

Source: PETS 2002-2003

4.2. Capacity building grant for school committees

School committees are supposed to play an essential role in the PEDP, by having the formal responsibility of monitoring school affairs. More generally, the aim of PEDP is to delegate responsibility from the council level to the ward and school level. This is major and important change in the educational system of Tanzania and in order to succeed in this transformation it is of essential importance that school committee members, ward, council and regional officers receive the sufficient amount of training and information. In the PEDP, councils and regions receive money for this purpose, both for capacity building at the council and regional level, but

also a specific capacity building grant for the training of school committees. It is the use of the latter grant that will be reported on in this section.

The capacity building grant is not to be transferred to the school level, but to be used for seminars and other training activities for all the school committee members in the council. Hence, in order to evaluate the use of this grant, one has to look at to what extent such activities have taken place. We received information at the council level on the amount of money spent on training of school committee members and at the school level we recorded whether the school committee members had received such training or not. A problem for the recording, however, was that the councils had received support from other resources for the same activity. For example, in Serengeti, Haki Elimu has funded training of school committees. Of course, ideally, the externally funded seminars should not be included in a tracking study of the capacity building grant, and they were excluded at the council level if we received information on alternative sources of funding. At the school level, however, it is almost impossible to make this distinction. In addition, at the council level, the distinction between the capacity building grant for school committees and other PEDP transfers for training at the council level was not very clear, and hence the recorded data may overestimate the part of the capacity building grant actually spent in the councils.

Nevertheless, Table 26 and Table 27 should provide some insight on the use of these funds.¹⁵ In particular, the improvement from 2002 to 2003 is a robust observation. In many of the districts visited, the council explained the poor performance in 2002 by delayed government instructions on how to use these funds. MOEC officials confirmed this, and, as can be seen, the activity increased substantially in 2003.

In Table 26, two councils have substantial negative leakage in the use of the capacity building grant. This probably reflects that they also have included PEDP grants for capacity building at the district level in the reporting of the capacity building grant. At the same time, one should notice that some of the capacity building grant was disbursed from MOEC in December 2003

¹⁵ The figures for 2003 are also in line with TEN/MET (2003), where 72% of the schools in the sample report receiving school committee training.

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and hence the overall leakage may partly be explained by a delay in the use of these funds at the council level. Finally, one should have in mind that the data does not say anything about the extent and quality of the training received by the schools and thus further work is needed in order to provide any robust conclusion on the performance of this part of PEDP.

Table 26. Per School Disbursement of Capacity Building grant, from Central Government to Sampled Councils, and Council Allocation to All schools and Sampled Schools (in Tsh thousands)

District	Number of schools	Per school disbursement of Capacity Building grant from Central level to Sampled Districts	Per school use of the Capacity Building grant for All Schools	Per school disbursement of Capacity Building grant from Central level to Sampled Districts	Per school use of the Capacity Building grant for All Schools	Per school disbursement of Capacity Building grant from Central level to Sampled Districts	Per school use of the Capacity Building grant for All Schools	Difference (%) (2002 and 2003)
		(2002)	(2002)	(2003)	(2003)	(2002 and 2003)	(2002 and 2003)	
Bagamoyo	96	149	0	418	296	284	148	48
Kibaha DC	49	147	0	379	371	263	186	29
Mkuranga	80	149	0	386	213	267	107	60
Ilala	69	135	135	490	816	312	475	-52
Kinondoni	75	147	0	590	475	369	238	36
Temeke	64	142	116	440	254	291	185	36
Moshi MC	24	149	278	496	389	322	333	-3
Hai	142	149	148	390	226	269	187	31
Same	161	141	574	404	552	273	563	-107
Musoma TC	22	144	89	355	355	249	222	11
Serengeti	86	145	94	380	380	263	237	10
Tarime	205	149	110	384	260	267	185	30
Mbeya MC	49	149	0	516	462	332	231	31
Mbozi	191	150	0	392	204	271	102	62
Rungwe	189	149	0	382	220	266	110	59
Sumbawanga	46	147	106	402	290	274	198	28
Mpanda	131	127	0	375	329	251	164	34
Nkasi	85	142	0	379	364	261	182	30
Singida TC	27	149	39	380	244	265	141	47
Iramba	148	145	88	362	230	253	159	37
Manyoni	74	149	96	378	242	263	169	36
Total/Average	2,013	145	97	403	320	274	209	24

Sources: PO-RALG (2002), PO-RALG (2003a), MOEC (2002c) and MOEC (2003b,c), and PETS 2002-2003

Table 27. Training received by school committees as reported by the sampled schools

District	Number of schools reported training for school committees	% of schools reported training for school committees	Number of schools reported training for school committees	% of schools reported training for school committees	% of schools reported training for school committees
	(2002)		(2003)		(2002 and 2003)
Bagamoyo	3	30	6	60	45
Kibaha DC	6	60	10	100	80
Mkuranga	3	30	10	100	65
Ilala	4	40	10	100	70
Kinondoni	6	60	10	100	80
Temeke	3	30	10	100	65
Moshi MC	7	70	9	90	80
Hai	0	0	0	0	0
Same	9	90	10	100	95
Musoma TC	6	60	9	90	75
Serengeti	6	60	10	100	80
Tarime	7	70	9	90	80
Mbeya MC	4	40	7	70	55
Mbozi	7	70	10	100	85
Rungwe	1	10	10	100	55
Sumbawanga	0	0	9	90	45
Mpanda	1	11	8	89	50
Nkasi	0	0	9	90	45
Singida TC	10	100	10	100	100
Iramba	3	30	9	90	60
Manyoni	2	20	10	100	60
Total/Average	88	42	185	89	66

Source: PETS 2002-2003

PART 5. CAPITATION AND DEVELOPMENT GRANT – A JOINT ANALYSIS

Even though reallocation between capitation and development grant at the council and school level may be problematic from a policy point of view, it should be of interest to study the aggregate picture established by combining capitation and development transfers from the central government to the council, from the councils to the schools and the aggregate picture at the school level.

Table 28 reports on the aggregate difference between central government reports and council reports on disbursements to all schools. The estimated overall leakage is 22%, varying from 10%-40% in the councils. It is interesting to notice that Mpanda, which has a much higher leakage in capitation than all other councils, perform on average in the aggregate picture. If we turn to a comparison of council reports and aggregate reports on inflows at the school level, we find an overall leakage of 11% (Table 29).

Finally, an estimate of the overall leakage in the aggregate transfers is presented. In this case, we do not report the numbers for each year separately, because, as has been pointed out on several occasions, the annual classifications at the council and school level are not robust. However, the estimates for the 2 years combined are robust, particularly if including the possibility of delays in the transfer from MOEC in December 2003. Table 30 then shows that the overall estimated leakage in the transfer of capitation and development taken together, is in the range of 26-31%.

An alternative aggregation could be focusing on total amount of funds transferred as cash to the schools and the total value of books reaching the schools. Previous analysis of the capitation grant already showed the better performance of the cash flows compared to book flows and therefore it is interesting also to note the total cash flow performance. Aggregating the cash part of the capitation grant and the development grant shows that around 81% of these monetary flows from the central government can be traced at the school level. In comparison, only 28% of the funds disbursed for books can be traced at the sampled schools.

Table 28. Per Student Disbursement of Capitation and Development Grant from Central Government to Sampled Councils and from Councils to all Schools (in Tsh thousands)

District	Per Student Disbursement of Capitation and Development grant (construction) from Central level to sampled Councils (2002)	Per Student Disbursement of Capitation and Development grant (construction) to All Schools (2002)	Per Student Disbursement of Capitation and Development grant (construction) from Central level to sampled Councils (2003)	Per Student Disbursement of Capitation and Development grant (construction) to All Schools (2003)	Per Student Disbursement of Capitation and Development grant (construction) from Central level to Sampled Councils (2002 and 2003)	Per Student Disbursement of Capitation and Development grant (construction) to All Schools (2002 and 2003)	Difference (%) (2002 and 2003)
Bagamoyo	27.6	24.6	23.8	21.8	25.5	23.1	10
Kibaha	19.5	14.6	20.0	17.7	19.7	16.3	18
Mkuranga	25.3	17.0	17.6	14.9	20.7	15.7	24
Ilala MC	18.6	15.6	14.7	10.6	16.4	12.8	22
Kinondoni	18.8	14.8	16.5	16.5	17.6	15.7	11
Temeke	20.1	15.8	15.4	14.2	17.5	14.9	15
Moshi MC	16.3	11.7	15.6	11.2	15.9	11.4	28
Hai	13.0	9.0	13.6	7.8	13.3	8.3	37
Same	10.5	7.3	12.8	7.1	11.7	7.2	39
Musoma TC	20.9	17.5	15.6	9.8	17.9	13.1	27
Serengeti	18.1	15.7	15.8	7.3	16.8	11.1	34
Tarime	17.7	5.5	13.7	12.1	15.5	9.3	40
Mbeya MC	15.2	9.2	13.6	12.2	14.3	10.9	24
Mbozi	20.9	13.2	16.0	14.1	18.1	13.7	24
Rungwe	18.1	13.9	16.3	14.0	17.1	14.0	18
Sumbawanga	16.2	13.0	14.2	9.4	15.1	11.0	27
Mpanda	20.6	11.8	13.6	12.3	16.4	12.1	26
Nkansi	20.0	19.1	16.5	10.5	18.1	14.3	21
Singida TC	18.3	17.2	14.8	8.9	16.4	12.7	23
Iramba	15.3	11.8	14.1	12.5	14.6	12.2	17
Manyoni	22.9	16.7	16.5	15.5	19.3	16.0	17
Total	18.5	13.4	15.5	12.8	16.9	13.1	22

Sources: URT (2001b,c), URT (2002b), URT (2003d,f), PO-RALG (2002), PO-RALG (2003a,b), MOEC (2002a,b,c,d), MOEC (2003a,b,c), financial statements from the Accountant General, and PETS 2002-2003

Table 29. Per Student Disbursement of Capitation and Development Grant from Councils to Sampled schools (in Tsh thousands)

District	Per Student Disbursement of Capitation and Development grant (construction) from Council to sampled schools (2002)	Per Student Reported Inflow of Capitation and Development grant (construction) at sampled schools (2002)	Per Student Disbursement of Capitation and Development grant (construction) from Council to sampled schools (2003)	Per Student Reported Inflow of Capitation and Development grant (construction) at sampled schools (2003)	Per Student Disbursement of Capitation and Development grant (construction) from Council to sampled schools (2002 and 2003)	Per Student Reported Inflow of Capitation and Development grant (construction) at sampled schools (2002 and 2003)	Difference (%) (2002 and 2003)
Bagamoyo	18.8	13.2	17.8	19.1	18.3	16.4	10
Kibaha	15.5	14.3	14.7	14.8	15.1	14.6	3
Mkuranga	4.7	19.7	25.5	13.2	16.6	16.0	4
Ilala MC	12.6	13.1	13.0	9.7	12.8	11.4	11
Kinondoni	14.2	9.6	17.1	22.9	15.4	15.2	1
Temeke	11.4	9.3	12.0	12.6	11.7	10.9	7
Moshi MC	9.9	7.8	11.3	9.4	10.6	8.7	18
Hai	6.7	6.4	7.8	4.6	7.3	5.5	25
Same	9.0	7.9	6.0	6.1	7.4	6.9	7
Musoma TC	18.5	11.5	16.9	15.1	17.7	13.4	24
Serengeti	15.9	10.0	13.1	12.6	14.3	11.5	20
Tarime	9.3	8.7	10.3	8.7	9.8	8.7	12
Mbeya MC	18.9	9.4	15.5	12.1	17.1	10.9	36
Mbozi	17.8	15.1	4.8	5.7	10.7	10.0	6
Rungwe	21.2	20.0	14.1	13.1	17.5	16.4	6
Sumbawanga	10.4	8.7	11.1	10.7	10.7	9.7	10
Mpanda	13.5	13.8	12.0	7.3	12.6	10.2	19
Nkansi	15.3	13.0	9.2	8.3	11.9	10.4	13
Singida TC	13.5	12.2	11.6	10.8	12.5	11.5	8
Iramba	14.2	12.1	12.0	10.0	13.0	11.0	15
Manyoni	17.1	14.9	10.8	11.6	13.7	13.1	4
Total	13.6	11.3	12.6	11.9	13.1	11.6	11

Source: PETS 2002-2003

Table 30. Overview of Combined Capitation (observed and adjusted) and Development grant disbursements and inflows (in Tsh thousands)

	2002 and 2003	
	Observed	Adjusted
Central level disbursement to sampled Councils	16.9	16.9
District level disbursement to all schools in district	13.1	14.3
District level disbursement to sampled schools in district	13.1	-
Reported inflow at sampled schools	11.6	12.5
Difference between central Government disbursement and reported inflow at sampled schools	31	26

Sources: URT (2001b,c), URT (2002b), URT (2003d,f), PO-RALG (2002), PO-RALG (2003a,b), MOEC (2002a,b,c,d), MOEC (2003a,b,c), financial statements from the Accountant General, and PETS 2003, 2004, and PETS 2002-2003.

PART 6. SUMMARY AND RECOMMENDATIONS

In short, the findings of this study are:

(a) The disbursement of capitation grant from the central level to the districts has been in line with the initial plans for this program. On average, 7,400 Tsh was disbursed to the districts per student in 2002 and 9,700 Tsh in 2003. For both years combined this was 8,700 Tsh per student per year.

(b) The disbursement of development grant from the central level has been of the same magnitude as the disbursement of the capitation grant in the two years combined (8,900 Tsh per student per year). On average, 12,100 Tsh has been disbursed to the districts per student in 2002 and 6,300 Tsh in 2003.

(c) The disbursement of capacity building grant from the central level to the districts has been less than planned. On average, 265,000 Tsh has been disbursed per school per year, which is about 50% of the planned amount (500 USD per school per year).

(d) The transfer of development grant seems to have performed much better than the transfer of capitation grant. The recorded inflow of development grant at the school level is 84% of the central level disbursement for 2002 and 2003.

(e) The recorded inflow of overall capitation grant at the school level is in the range of 54%-64% of the central level disbursement for 2002 and 2003.

(f) The recorded inflow of the cash part of the capitation grant at the school level is 76-86% of the central level disbursement for 2002 and 2003.

(g) The book part of the capitation grant is the main cause of the leakage in the transfer of capitation grant. The recorded inflow of books at the school level is 28% of the central level disbursement for 2002 and 2003. Schools also report receiving fewer books from the councils in 2002 and 2003 than in 2001, and textbook availability has probably declined in the PEDP-period.

(h) There are huge variations in the inflow of capitation grant at the school level. In the sample, it varies from 1,600 Tsh to 8,700 Tsh per student per year.

(i) The overall reported activity in the use of the capacity building grant has improved from 2002 to 2003. About 90% of the schools reported receiving training for school committee members in 2003.

(j) There is a complex system of disbursement from the central level to the councils, involving three ministries (MOEC, MOF and PO-RALG) and the regions.

(k) There have been improvements in the recording of central level transfers at the district level.

The main recommendation from this study is to simplify the current system of transfers within PEDP as follows:

(a) All PEDP transfers considered in this study should be transferred through the Accountant General.

(b) Instead of three ministries dealing with PEDP disbursements it is recommended that one central unit should have the full responsibility for preparing disbursement lists to the Accountant General and instruction on the use of funds to the end-users.

(c) Given the difficulties identified at the district level, in terms of leakage as well as lack of uniformity in the disbursements of the capitation grant, it is recommended that the capitation grant is transferred directly from the Accountant General to the respective school accounts.

(d) In order to facilitate planning at the school level, we recommend that a fixed amount of capitation grant is transferred twice a year to the schools, preferably in July and January.

(e) It is proposed that also the development grant is disbursed directly from the central level to the school accounts, based, as presently, on plans and recommendations from the councils.

The recommended direct transfer system has a number of advantages:

(a) It should substantially reduce the transaction cost of transfers both at the central and council level. It will release a significant amount of resources that can be reallocated to other valuable activities within the educational sector, increasing the efficiency of the use of resources within PEDP. In particular, the district can play a more important role in the monitoring process in the recommended system. They can also use more of their resources on capacity building at the school and ward level, which is most needed in the present process of transforming the education sector in Tanzania.

(b) It makes the system very easy to monitor for all stakeholders. For example, instead of each ministry independently publishing disbursements of capitation grant, the coordinating unit can publish the overall amount disbursed per student per disbursement.

(c) It will immediately eliminate the observed leakages at district level, which is estimated in the range of 15% - 23% (difference between central government disbursement to councils and reported council disbursement to all schools).

(d) It should contribute to a much more uniform transfer system, where all schools receive the same amount of capitation grant per student. Presently, there are huge variations between schools, possibly partly due to differences in expectations. As shown in Table 31, reported expectations on capitation grant at the school level varies from 500 Tsh per student per year to 10,000 Tsh per student per year.

Table 31. Head teacher Expectation on Capitation Grant Entitlements (in Tsh thousands)

	2002		2003	
	(n)	mean (min - max)	(n)	mean (min - max)
Bagamoyo	8	1.0 (1.0 - 1.0)	7	1.4 (1.0 - 2.0)
Kibaha	4	1.0 (1.0 - 1.0)	4	1.0 (1.0 - 1.0)
Mkuranga	2	1.0 (1.0 - 1.0)	3	1.2 (1.0 - 1.5)
Ilala MC	7	1.5 (1.0 - 2.7)	7	1.5 (1.0 - 2.7)
Kinondoni	7	6.0 (1.6 - 10.0)	8	7.8 (3.3 - 10.0)
Temeke	8	2.6 (0.5 - 10.0)	7	2.9 (0.5 - 10.0)
Moshi MC	9	4.0 (1.8 - 10.0)	9	4.7 (2.0 - 10.0)
Hai	7	2.9 (1.0 - 9.0)	8	2.9 (2.0 - 9.0)
Same	8	3.0 (1.0 - 10.0)	7	3.4 (0.6 - 10.0)
Musoma TC	9	5.7 (0.5 - 10.0)	10	4.8 (0.5 - 10.0)
Serengeti	10	1.6 (1.0 - 5.4)	9	2.7 (1.0 - 6.2)
Tarime	8	1.0 (0.5 - 2.0)	7	2.0 (0.9 - 3.6)
Mbeya MC	6	1.4 (0.8 - 2.0)	7	2.4 (1.0 - 5.1)
Mbozi	6	4.4 (0.9 - 10.0)	6	5.3 (2.0 - 10.0)
Rungwe	6	1.2 (1.0 - 2.0)	7	1.4 (1.0 - 2.0)
Sumbawanga	4	5.8 (1.0 - 10.0)	3	7.3 (2.0 - 10.0)
Mpanda	4	3.5 (1.0 - 10.0)	4	3.5 (1.0 - 10.0)
Nkansi	5	3.2 (1.0 - 9.0)	6	3.2 (2.0 - 9.0)
Singida TC	9	1.0 (0.6 - 1.0)	9	1.9 (1.0 - 3.0)
Iramba	7	1.7 (0.9 - 3.1)	7	2.8 (1.0 - 4.7)
Manyoni	10	2.2 (1.0 - 9.0)	10	3.3 (0.6 - 9.0)
Average	144	2.6 (0.5 - 10.0)	145	3.2 (0.5 - 10.0)

Source: PETS 2002-2003.

One of the main problems identified in this report was the procurement system of books at the council level. As of 2004, a new policy has been introduced, where money for books is transferred directly to the schools. This imposes new challenges at the school level and we believe that it is extremely important to monitor closely this change of policy. Will the schools manage this part of the capitation grant more efficiently than the councils? In many remote areas, it will certainly be difficult to organize procurement of books, and thus it is not clear to us that this is the best way of organizing book procurements. Alternatively, one may consider a more centralized system where schools receive a specific number of books in all fields according to a national education policy.

TERMS OF REFERENCES

Background

The first PRS identified primary education as one of the seven sectors/activities that needs a greater attention from government. Historically, it has been the culture of government to target public expenditures for poverty reduction. Weak performance in the education sector in Tanzania during the past decade has led to the formulation of a sector-wide programme, the Education Sector Development Programme (ESDP). An important component of the ESDP—and the only component operating at present—is the Primary Education Development Plan (PEDP). The PEDP focuses both on policies and investments designed to provide sufficient public funding to primary education. The Government of Tanzania, the World Bank, as well as several bilateral donors provide substantial funding for the PEDP. In FY2003 the Government recurrent spending on primary education was estimated at Tshs 171 billion, while its development expenditures were Tshs 4 billion. Bilateral and multilateral donor contributions are approximately US\$ 125 million per year. Furthermore, the PEDP has an explicit aim of integrating many of the on-going donor-supported individual projects within the sector programme. Large increases in funding for primary education, together with the abolition of school fees and other levies in 2001, resulted in a sharp increase in enrolment of 1.6 million children against the target of 1.5 million in 2002.

Two revenue sources compensate the schools for the abolition of fees and other levies: (i) community initiatives that provide either in-kind or cash contributions, and (ii) capitation and investment grants from the PEDP fund. The capitation grant will allow the local government authorities to finance recurrent costs of schools. This grant is US\$10 per pupil, including US\$4 for textbooks, and US\$6 to support other teaching and learning materials, and school operation and administration. In addition, the schools will receive an investment grant, covering costs for construction of new classrooms and major rehabilitation of existing buildings. In 2001, the grant focused on the construction of approximately 14,000 classrooms and water/sanitation units to be completed in time for the 2002 enrolment expansion. The community contributions are flexible and allowed to vary depending on the prevailing circumstances.

Purpose of the Survey

Government resources earmarked for particular uses flow within legally defined institutional framework, often passing through several layers of government bureaucracy (and the banking system) down to service facilities, which are charged with the responsibility of exercising the spending. Information on *actual* public spending at the primary level, for example, is seldom available in many developing countries. A public expenditure tracking survey (PETS)—frequently carried out as part of a public expenditure review—tracks the flow of resources through these strata in order to determine how much of the originally allocated resources reach each level. It is therefore useful as a device for locating and quantifying leakage of funds or problems in the deployment of human resources and in-kind supplies, such as textbooks.

The public expenditure tracking survey in primary education in Tanzania has two broad objectives. First, it will generate new type of information on pro-poor public expenditures on

primary education for *policymakers* in the central and local governments to help them improve resource allocation, access, quality, and learning outcomes in the sector. Specifically, the survey will confirm the extent to which the Tanzanian system of public expenditure management delivers resources to the intended beneficiaries. It will also expose inefficiencies in the system.

Second, the PETS can help empower *parents, pupils, and watchdog organizations* by providing them with relevant information and hence by equipping them to better monitor service providers and demand for better services. While the PETS generates new information to enhance transparency, complementary measures—such as those planned under the Accountability, Transparency and Integrity Program currently under preparation—are necessary to get the information to the hands of its potential and dispersed users, who are often not accustomed to receiving or making use of such information or actively demanding for better services.

The Consultant Assignment

The Consultant's principal assignment is to design, pilot and implement a public expenditure tracking survey in primary education. The survey will cover selected data for school (calendar) years 2001 and 2002, as well as the first three quarters of 2003. Tracking will include PE, OC and PEDP funds i.e. capitation and investment grants. The assignment will also include entering the survey data in a database, and cleaning and archiving the data. Furthermore, the Consultant will, at the central government level, (MOF, MOE and PO-RALG) collect and document information on criteria, procedures, and disbursements of primary school funding.

At the councils level the councils/districts level the consultant will collect information on dates in which funds and materials from central government received and distributed to department of education and to school facility. Information flow and reporting within the council and to the schools.

Specifically the consultant shall obtain:

- a) The exact allocation rules and procedures applied to PE, OC, the capitation and investment grants disbursed to the councils, and changes, if any, to these rules during 2001, 2002 and the first nine months of 2003. In particular, rules governing disbursement to schools.
- b) The exact allocation rules and procedures applied to teacher deployment and changes, if any, to these rules during 2002 and the first six months of 2003. In particular, rules governing teacher deployment to primary schools.
- c) Dates and total amounts of all releases and disbursements of the capitation and investment grants from the Ministry of Finance to the councils (districts) included in the PETS sample during 2001, 2002 and the first nine months of 2003.
- d) Detailed information on how the transfers of PE, OC, capitation and investment grants are communicated to the councils? Schools?
- e) Instructions from the central government to the councils regarding the disbursement of the OC, capitation and investment grants to individual schools.
- f) Detailed enrolment data for the councils and schools included in the survey.

The Consultant will analyze the survey and other data and prepare a report containing the findings. The Consultant’s assignment consists of the following components:

Survey instruments

To ensure that recorded data collected at one level in the system can be crosschecked against the same information from other sources. PETS typically consist of questionnaires for interviewing facility managers (say, headmasters at a school) as well as separate data sheets to collect quantitative data from service facility (school) records. The combination of questionnaires and datasheets is usually flexible enough to evaluate most of the problems under study. The survey instruments will include at least the following modules:

Characteristics of the facility. Record the size, ownership, years of operation, hours of operation, catchment population, competition from other service providers, access to infrastructure, utilities and other services, and range of services provided. Information about income levels and other features of the population living in the vicinity of the facility may also be useful.

Inputs. Because service providers typically have a large number of inputs it may not be feasible to collect data on all of them. Some inputs are typically more important than others. For example, teachers may account up to 80 percent of costs in a typical primary school. In addition, there may be important capital investments. The key point in the measurement of inputs is that they need be valued in monetary terms. This in turn requires that—where monetary values are not readily available—quantities be recorded carefully and consistently and price information be assembled for each key input.

Staffing. Detailed information will be collected on teachers, including their experience, training, and salaries. The survey may also collect information on teacher absenteeism.

Outputs. Examples of measurable outputs include enrolment rates, and numbers of pupils completing final exams. Unlike inputs, outputs rarely convert to monetary values. This should also include detailed PSLE results collected from the schools.

Quality. Quality is multidimensional, and an effort should be made to capture this multi-dimensionality by collecting information on different aspects of quality. Examples of this include observed practice, staff behaviour and composition, availability of crucial inputs, and provision of certain services or facilities. Information collected from users can also capture aspects of quality.

Financing. Information should be collected on sources of finance (government, donor, community contributions), amounts, and type (in-kind versus financial support).

Institutional mechanisms and accountability. Public facilities do not face the same competitive pressures as private facilities. Instead, they are subject to supervision and monitoring by central, regional, or local government institutions, civil society, political leaders, and the press. This means collecting information on supervision visits, audits, management structures, reporting and record-keeping practices, parent and community involvement, and audits.

Under this component, the Consultant will (i) prepare a detailed draft survey questionnaires for schools (ii) guiding questions for councils/districts and ministries, and (iii) translate the survey questionnaires from English into Kiswahili and (after the pilot testing) translate the final Kiswahili version into English.

Training of enumerators and field-testing

The Consultant will identify and recruit a team of enumerators and supervisors (the exact number to be decided by consultant). A team of enumerators and one supervisor is expected to visit a district HQ and schools. Training of enumerators and supervisors is a crucial prior to fieldwork. After completion of the training, survey instruments will be field-tested in primary schools.

Sampling

The following sampling strategy is proposed; sample of 2 regions each from the top, the middle and the bottom of the national poverty profile as set out in the 2002 Human Development Report. These are Kilimanjaro, Mbeya, Singida, Mara, Lindi and Rukwa. Dar es Salaam is also selected as a study site so that comparisons can be made between Dar es Salaam, other urban areas, and rural areas, as is near the Ministries of Finance and Education and endowed with infrastructure and information facilities.

Each region three councils/districts will be visited in total 21 districts will be covered. In each district 10 schools will be visited of which 40 percent of the school will be around the head quarter and the remaining 60 percent in the periphery. Total schools to be covered in the survey will be 210 (2%) out of 12,152 total public schools. Selection of schools will be done at district's head quarter.

Data entry and cleaning

Continuous inflow of the data from the field will be coded by consultant concurrently as the fieldwork goes on. An interim assessment of the survey results should thus be made available halfway through the survey on the basis of the incoming information. A continuous data entry procedure will permit the finalization of the data entry within the same timeframe as the actual fieldwork.

To highlight inconsistencies and outliers, the data are to be assessed with the help of a computer program and also manually. More specifically, exploratory computer programs should be designed to generate error reports on the data files so that the files may be compared with the actual questionnaires, if needed. In addition to employing the exploratory programs, 25 percent of the survey questionnaires should be checked manually to ensure correct entry. Double entry of the data should also be considered.

The data should be entered in one of the commonly used database programs, such as SPSS, Access or Excel.

Report

The Consultant is expected to implement the survey in January - April 2004, make the dataset available in Mid March 2004, and produce a draft report by Mid April, 2004 and the final report by end of April, 2004.

APPENDICES

APPENDIX 1 Calculation of Capitation Grant

The capitation grant disbursements from the Ministry of Finance were derived from the budget books of 2001-2002, 2002-2003 and 2003-2004, electronic copies of the ‘Other Charges’ disbursements as well as overviews provided by the Accountant General’s Office.

Since concept of capitation was not introduced when the budget for 2001-2002 was prepared, we had to estimate the capitation part of the transfer for Ministry of Finance to the councils for the first half of 2002. We included in the capitation all items that were included as capitation in the original PEDP document (URT, 2001a) and then allocated 60% to the cash part and 40% to the book part. For the financial year 2002-2003 the disaggregation was according to the budget lines of Subvote 507, UPE being counted as cash part of the capitation grant (and when applicable also line-item games and sport). School materials and supplies were included in the book part of the capitation grant. Student welfare items such as school meals and student transport were not included, as these items were not counted as capitation in the PEDP budget. For the financial year 2003-2004 the capitation grant was listed explicitly in the budget books, so we allocated 60% to the cash part and 40% to the book part.

Transfers from both MOEC and PO-RALG were all clearly labeled and were included accordingly. In each case MOEC and PO-RALG confirmed the transfers and the classifications used.

APPENDIX 2 Sampled Schools

District	Name of the school	District	Name of the school		
BAGAMOYO	KIWANGWA	MOSHI	SOKOINE		
	KIZIUANI		J.K.NYERERE		
	MSATA		KILIMANJARO		
	MWANAMAKUKA		JAMHURI		
	MASUGURU		KORONGONI		
	MAJENGO		MAGEREZA		
	CHALINZE		SHIRIMATUNDA		
	MAZIZI		RAU		
	NIANJEMA		MUUNGANO		
	LUGOBA		MWENGE		
	KIBAHA		NGETA	HAI	BOMANG'OMBE
			MKUZA		LAMBO EXTENDED
			KIBAHA A		SANYAJUU
BOKETIMIZA		KIBAONI			
VIZIWAZIWA		MACHAME			
MWENDAPOLE		GEZAULOLE			
VIKUGE		KOBOKO			
ZOGOWALE		FUKA			
MSONGOLA		ELERA			
TWENDEPAMOJA					
MKURANGA		HOYOYO	SAME		NDUNGU
	MSORWA	KAVAMBUGHU			
	SOTELE	MAORE			
	MKURANGA	HEDARU			
	KITONGA	KIJOMU			
	VIANZI	MBUYUNI			
	TENGELEA	SAME			
	KISEMVULE	KAMPERA			
	KIZIKO	KISIMA			
	NGARAMBE	MASANDARE			
	ILALA	VINGUNGUTI		MUSOMA	KIARA
MVUTI		SONGAMBELE			
KINYEREZI		BUHARE			
GEREZANI		NYAMATARE			
MNAZI MMOJA		BWERI			
MTENDENI		MWEMBENI			
BUNGE		MUKENDO			
KARAKATA		KWANGWA			
AMANI		AZIMIO			
CHANIKA		MUSOMA			
KINONDONI		BUNJU "A"	SERENGETI		GEITASAMO
		GILMAN RUTHINDA			BURUNGA
		TURIANI			MOROTONGA
	MABIBO	GESARYA			
	KIMARA B	KAMBARAGE			
	KIBAMBA	NYANSURURA			
	KAWE "A"	BWITENGI			
	KARUME	KICHONGO			
	MIANZINI	MERENGA			
	MAKUBURI	NYAMOKO			
	TEMEKE	KIZUANI		TARIME	BISWARI
MGULANI		KOMASWA			
YOMBO VITUKA		TURWA			
CHANG'OMBE		NYAMISANGURA			
KIMBIJI		SABASABA			
MUUNGANO		BUHEMBA			
KIBASILA		NYANJAGE			
MIZIMBINI		MIKA			
RANGI TATU		GAMASARA			
MTONI KIJICHI		SURUBU			

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District	Name of the school	District	Name of the school
MBEYA MUNICIPAL	CHEMCHEM	NKASI	NAMANYERE
	GOMBE		ISUNTA
	MBATA		MWAI
	AZIMIO		MBWENDI
	ITJI		NKOMOLO
	MWASENKWA		CHALANTAI
	IGANJO		MKANGAZE
	MAJENGO		MTENGA
	NZOVWE		MIOMBO
	IWAMBI		KASU
MBOZI	ICHENJEZYA	SINGIDA	MANGA
	SHIWINGA		UKOMBOZI
	MWENGE		UTEMINI
	MBOZI		ITITI
	MWAKA A		KINDAI
	LWATI		MANGUANJUKI
	ISANGU		SABASABA
	TUNDUMA		MTISI
	ILEMBO		MTIPA
	IGAMBA		MTAMAA
RUNGWE	MALEMA	IRAMBA	KITUKUTU
	NTOKELA		KIOMBOI BOMANI
	KIBISI		KIOMBOI HOSPITAL
	MAASA		MISIGIRI
	KIGUGU		KINAMBEU
	TUKUYU		IGUGUNO
	BUJINGILA		MWANDU
	MPAKA		LULUMBA
	BAGAMOYO		YALAGANO
	KANYEGELE		SALALA
SUMBAWANGA URBAN	IZIA	MANYONI	MWANZI
	MAPINDUZI		SOLYA
	KATUSA		KASHANGU
	KIZWITE		ITIGI
	MWENGE		MUHALALA
	NTENDO		MANYONI
	CHEMCHEM		SARANDA
	MAJENGO		MWEMBENI
	KANTALAMBA		KILIMATINDE
	KATANDALA A		MLOWA
MPANDA	NSEMULWA		
	MISUNKUMILO		
	MAGAMBA		
	ILEMBO		
	AZIMIO		
	MAPINDUZI		
	MSAKILA		
	KASOKOLA		
	MPANDA		

APPENDIX 3 Details on inflow and outflow

MOEC DISBURSEMENTS TO COUNCIL (in Tsh.)

PERIOD	AMOUNT	PURPOSE
March 2002	3,426,400,560	Capitation (books)
September 2002	3,500,000,000	Capitation (books)
November 2002	3,210,220,028	Development (desks)
November 2002	2,523,164,104	Capitation (books)
November 2002	1,000,000,000	Capitation (cash)
November 2002	471,050,125	Capacity building grant (school committees)
December 2002	2,076,225,000	Capitation (books, science kits)
December 2002	8,304,900,000	Development (classrooms) ¹⁶
December 2002	1,420,275,000	Development (teachers' houses)
May 2003	685,534,368	Development (classrooms)
September 2003	2,663,149,548	Capitation (books)
September 2003	3,994,724,321	Capitation (cash)
September 2003	1,000,000,000	Capacity building grant (school committees)
December 2003	6,796,136,470	Capitation (books)
December 2003	10,194,204,706	Capitation (cash)
December 2003	1,988,044,000	Capacity building grant (school committees)

PO-RALG DISBURSEMENTS TO COUNCILS (in Tsh.)

November 2001	4,821,000,000	Capitation (cash)
February 2002	6,179,000,000	Capitation (cash)
May 2002	43,407,000,000	Development (classrooms)
May 2002	1,130,000,000	Development (pit latrines)
May 2002	1,287,832,713	Capacity building grant (school committees)
July 2003	12,960,340,000	Capitation (cash)
July 2003	2,024,571,900	Capitation (books)
July 2003	32,537,600,000	Development (classrooms)
July 2003	1,727,833,200	Capacity building grant (school committees)
July 2003	2,959,200,000	Development (teachers' houses)
September 2003	1,296,034,000	Capitation (books)

¹⁶ This figure is taken from MOEC (2002d). Notice that PO-RALG (2003c) reports a slightly different figure for this transfer, to wit, 8,990,434,315 Tsh.

DONOR AND WORLD BANK INFLOWS TO PEDP (in USD)

Date	Grant	Amount in USD
21.01.2002		3,807,111
07.02.2002		508,410
03.04.2002		90,370
29.05.2003		3,089,381
19.08.2002		317,680
04.06.2002		4,321,106
11.09.2002		3,246,666
15.10.2002		3,375,550
28.10.2002		2,155,725
10.12.2002		1,494,450
13.12.2002		315,597
24.12.2002		4,762,913
05.03.2003		3,423,157
05.03.2003		7,396,357
26.05.2003		6,339,144
10.07.2003		4,999,975
10.07.2003		14,005,253
07.08.2003		3,468,242
01.09.2003		4,344,800
16.12.2003		973,822
16.12.2003		2,615,618
22.12.2003		5,751,014
	Combined loan/grant	
18.01.2002		50,000,000
02.07.2002		10,000,000
13.11.2002		10,000,000
26.06.2003		40,000,000
26.06.2003		16,670,000
28.07.2003		3,300,000

Source: URT (2001b,c), URT (2002b,c), URT (2003d,e,f),
 PO-RALG (2002), PO-RALG (2003a,b), MOEC (2002a,b,c,d),
 MOEC (2003a,b,c), various internal MOEC reports and financial statements
 from the Account General

APPENDIX 4 Overview tables Capitation Grant (in Tsh thousands)

Per student disbursement of capitation grant, **Bagamoyo**

	2002	2003	2002 and 2003
Central level disbursement to Councils	8.1	10.1	9.2
Council disbursement to all schools in district	6.6	6.9	6.8
Council disbursement to sampled schools in district	6.3	7.1	6.8
Capitation grant inflow reported at sampled schools	4.0	6.8	5.5

Per student disbursement of capitation grant, **Kibaha**

	2002	2003	2002 and 2003
Central level disbursement to Councils	6.9	9.3	8.2
Council disbursement to all schools in district	3.7	6.3	5.1
Council disbursement to sampled schools in district	4.0	6.6	5.4
Capitation grant inflow reported at sampled schools	2.9	6.7	5.0

Per student disbursement of capitation grant, **Mkuranga**

	2002	2003	2002 and 2003
Central level disbursement to Councils	8.9	10.7	9.9
Council disbursement to all schools in district	3.1	6.8	5.3
Council disbursement to sampled schools in district	3.4	7.8	5.9
Capitation grant inflow reported at sampled schools	3.4	7.6	5.8

Per student disbursement of capitation grant, **Ilala MC**

	2002	2003	2002 and 2003
Central level disbursement to Councils	7.6	9.6	8.7
Council disbursement to all schools in district	5.5	5.7	5.6
Council disbursement to sampled schools in district	4.7	7.2	5.9
Capitation grant inflow reported at sampled schools	4.2	5.8	5.0

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Per student disbursement of capitation grant, **Kinondoni**

	2002	2003	2002 and 2003
Central level disbursement to Councils	6.4	9.8	8.2
Council disbursement to all schools in district	5.0	7.8	6.5
Council disbursement to sampled schools in district	4.3	7.9	5.8
Capitation grant inflow reported at sampled schools	4.0	8.1	5.7

Per student disbursement of capitation grant, **Temeke**

	2002	2003	2002 and 2003
Central level disbursement to Councils	7.4	9.5	8.6
Council disbursement to all schools in district	5.6	6.4	6.0
Council disbursement to sampled schools in district	5.3	5.6	5.4
Capitation grant inflow reported at sampled schools	3.5	5.8	4.6

Per student disbursement of capitation grant, **Moshi MC**

	2002	2003	2002 and 2003
Central level disbursement to Councils	7.5	9.7	8.7
Council disbursement to all schools in district	5.0	5.3	5.1
Council disbursement to sampled schools in district	3.9	7.2	5.6
Capitation grant inflow reported at sampled schools	3.6	5.2	4.4

Per student disbursement of capitation grant, **Hai**

	2002	2003	2002 and 2003
Central level disbursement to Councils	8	10.2	9.2
Council disbursement to all schools in district	3.8	4.2	4.0
Council disbursement to sampled schools in district	4.4	2.9	3.6
Capitation grant inflow reported at sampled schools	4.0	3.3	3.6

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Per student disbursement of capitation grant, **Same**

	2002	2003	2002 and 2003
Central level disbursement to Councils	7.1	9.8	8.6
Council disbursement to all schools in district	6.3	3.2	4.6
Council disbursement to sampled schools in district	5.4	4.8	5.1
Capitation grant inflow reported at sampled schools	4.7	4.9	4.8

Per student disbursement of capitation grant, **Musoma TC**

	2002	2003	2002 and 2003
Central level disbursement to Councils	9.8	10.2	10.0
Council disbursement to all schools in district	7.8	5.0	6.2
Council disbursement to sampled schools in district	5.5	7.1	6.3
Capitation grant inflow reported at sampled schools	4.7	5.6	5.2

Per student disbursement of capitation grant, **Serengeti**

	2002	2003	2002 and 2003
Central level disbursement to Councils	7.7	10.4	9.2
Council disbursement to all schools in district	5.0	7.3	6.3
Council disbursement to sampled schools in district	5.7	7.1	6.5
Capitation grant inflow reported at sampled schools	3.5	6.9	5.4

Per student disbursement of capitation grant, **Tarime**

	2002	2003	2002 and 2003
Central level disbursement to Councils	7	10	8.7
Council disbursement to all schools in district	4.7	5.9	5.4
Council disbursement to sampled schools in district	4.8	5.2	5.0
Capitation grant inflow reported at sampled schools	3.3	4.9	4.2

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Per student disbursement of capitation grant, **Mbeya MC**

	2002	2003	2002 and 2003
Central level disbursement to Councils	7.4	9.5	8.5
Council disbursement to all schools in district	3.8	7.1	5.6
Council disbursement to sampled schools in district	5.5	6.8	6.2
Capitation grant inflow reported at sampled schools	3.0	6.3	4.8

Per student disbursement of capitation grant, **Mbozi**

	2002	2003	2002 and 2003
Central level disbursement to Councils	7.7	9.1	8.5
Council disbursement to all schools in district	2.1	5.6	4.1
Council disbursement to sampled schools in district	4.7	3.5	4.0
Capitation grant inflow reported at sampled schools	2.5	4.5	3.6

Per student disbursement of capitation grant, **Rungwe**

	2002	2003	2002 and 2003
Central level disbursement to Councils	7.2	10.1	8.8
Council disbursement to all schools in district	4.9	6.0	5.5
Council disbursement to sampled schools in district	3.3	5.3	4.4
Capitation grant inflow reported at sampled schools	2.3	5.1	3.7

Per student disbursement of capitation grant, **Sumbawanga**

	2002	2003	2002 and 2003
Central level disbursement to Councils	7.2	9.5	8.4
Council disbursement to all schools in district	4.8	5.4	5.1
Council disbursement to sampled schools in district	3.9	6.2	5.0
Capitation grant inflow reported at sampled schools	3.6	5.8	4.7

Per student disbursement of capitation grant, **Mpanda**

	2002	2003	2002 and 2003
Central level disbursement to Councils	7.6	9.1	8.5
Council disbursement to all schools in district	3.5	2.0	2.6
Council disbursement to sampled schools in district	3.6	2.2	2.8
Capitation grant inflow reported at sampled schools	2.4	2.4	2.4

Per student disbursement of capitation grant, **Nkansi**

	2002	2003	2002 and 2003
Central level disbursement to Councils	7.8	10.7	9.4
Council disbursement to all schools in district	6.9	4.8	5.7
Council disbursement to sampled schools in district	5.7	6.5	6.1
Capitation grant inflow reported at sampled schools	4.4	4.3	4.3

Per student disbursement of capitation grant, **Singida TC**

	2002	2003	2002 and 2003
Central level disbursement to Councils	8.4	9.6	9.1
Council disbursement to all schools in district	6.2	3.5	4.7
Council disbursement to sampled schools in district	5.7	5.5	5.6
Capitation grant inflow reported at sampled schools	5.3	4.7	5.0

Per student disbursement of capitation grant, **Iramba**

	2002	2003	2002 and 2003
Central level disbursement to Councils	6.9	9.2	8.1
Council disbursement to all schools in district	4.7	6.8	5.8
Council disbursement to sampled schools in district	5.5	6.7	6.1
Capitation grant inflow reported at sampled schools	5.0	5.1	5.1

Per student disbursement of capitation grant, **Manyoni**

	2002	2003	2002 and 2003
Central level disbursement to Councils	7.7	8.6	8.2
Council disbursement to all schools in district	4.3	6.1	5.3
Council disbursement to sampled schools in district	3.8	5.8	4.9
Capitation grant inflow reported at sampled schools	3.4	5.6	4.6

APPENDIX 5 Total number of student in Council

District	Total number of students used as denominators	
	2002	2003
Bagamoyo	31,673	39,001
Kibaha	23,023	27,091
Mkuranga	22,295	33,776
Ilala MC	82,500	100,538
Kinondoni	129,240	145,564
Temeke	95,583	115,614
Moshi MC	21,409	24,251
Hai	46,283	52,632
Same	44,380	50,043
Musoma TC	17,154	22,889
Serengeti	31,481	38,828
Tarime	77,949	102,768
Mbeya MC	44,181	52,308
Mbozi	74,739	98,188
Rungwe	54,969	65,931
Sumbawanga	23,587	28,943
Mpanda	44,924	66,980
Nkansi	24,257	30,587
Singida TC	20,095	24,230
Iramba	59,623	67,331
Manyoni	28,195	36,856
Total	997,540	1,224,349

Source: PO-RALG (2002, 2003a)

APPENDIX 6 Overview tables Development Grant (in Tsh. thousands)**Per student disbursement of the development grant, Bagamoyo**

	2002	2003	2002 and 2003
Central level disbursement to Councils	19.5	13.7	16.3
Council disbursement to all schools in district	18.0	14.9	16.3
Council disbursement to sampled schools in district	12.5	10.7	11.5
Development grant cash inflow reported by sampled schools	9.2	12.2	10.8

Per student disbursement of the development grant, Kibaha

	2002	2003	2002 and 2003
Central level disbursement to Councils	12.6	10.6	11.5
Council disbursement to all schools in district	10.9	11.4	11.1
Council disbursement to sampled schools in district	11.5	8.1	9.6
Development grant cash inflow reported by sampled schools	11.4	8.1	9.6

Per student disbursement of the development grant, Mkuranga

	2002	2003	2002 and 2003
Central level disbursement to Councils	16.4	7.0	10.7
Council disbursement to all schools in district	13.9	8.1	10.4
Council disbursement to sampled schools in district	1.3	17.7	10.7
Development grant cash inflow reported by sampled schools	16.3	5.6	10.2

Per student disbursement of the development grant, Ilala MC

	2002	2003	2002 and 2003
Central level disbursement to Councils	11.0	5.0	7.7
Council disbursement to all schools in district	10.2	4.9	7.3
Council disbursement to sampled schools in district	8.0	5.8	6.9
Development grant cash inflow reported by sampled schools	9.0	3.9	6.4

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Per student disbursement of the development grant, **Kinondoni**

	2002	2003	2002 and 2003
Central level disbursement to Councils	12.4	6.7	9.4
Council disbursement to all schools in district	9.8	8.7	9.4
Council disbursement to sampled schools in district	9.9	9.1	9.6
Development grant cash inflow reported by sampled schools	5.6	14.8	9.5

Per student disbursement of the development grant, **Temeke**

	2002	2003	2002 and 2003
Central level disbursement to Councils	12.7	5.9	9.0
Council disbursement to all schools in district	10.2	7.9	8.9
Council disbursement to sampled schools in district	6.1	6.4	6.3
Development grant cash inflow reported by sampled schools	5.8	6.8	6.3

Per student disbursement of the development grant, **Hai**

	2002	2003	2002 and 2003
Central level disbursement to Councils	5.0	3.4	4.1
Council disbursement to all schools in district	5.2	3.6	4.3
Council disbursement to sampled schools in district	2.3	4.8	3.7
Development grant cash inflow reported by sampled schools	2.4	1.3	1.8

Per student disbursement of the development grant, **Same**

	2002	2003	2002 and 2003
Central level disbursement to Councils	3.4	3.0	3.2
Council disbursement to all schools in district	1.0	3.9	2.6
Council disbursement to sampled schools in district	3.6	1.2	2.3
Development grant cash inflow reported by sampled schools	3.2	1.2	2.1

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Per student disbursement of the development grant, **Musoma TC**

	2002	2003	2002 and 2003
Central level disbursement to Councils	11.1	5.5	7.9
Council disbursement to all schools in district	9.6	4.8	6.8
Council disbursement to sampled schools in district	13.1	9.8	11.3
Development grant cash inflow reported by sampled schools	6.8	9.5	8.2

Per student disbursement of the development grant, **Serengeti**

	2002	2003	2002 and 2003
Central level disbursement to Councils	10.3	5.4	7.6
Council disbursement to all schools in district	10.8	0.0	4.8
Council disbursement to sampled schools in district	10.3	5.9	7.8
Development grant cash inflow reported by sampled schools	6.5	5.7	6.1

Per student disbursement of the development grant, **Tarime**

	2002	2003	2002 and 2003
Central level disbursement to Councils	10.8	3.7	6.7
Council disbursement to all schools in district	0.8	6.2	3.9
Council disbursement to sampled schools in district	4.5	5.1	4.8
Development grant cash inflow reported by sampled schools	5.3	3.7	4.4

Per student disbursement of the development grant, **Mbeya MC**

	2002	2003	2002 and 2003
Central level disbursement to Councils	7.8	4.1	5.8
Council disbursement to all schools in district	5.4	5.2	5.3
Council disbursement to sampled schools in district	13.4	8.7	10.9
Development grant cash inflow reported by sampled schools	6.4	5.8	6.1

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Per student disbursement of the development grant, **Mbozi**

	2002	2003	2002 and 2003
Central level disbursement to Councils	13.2	6.9	9.6
Council disbursement to all schools in district	11.1	8.4	9.6
Council disbursement to sampled schools in district	13.1	1.3	6.6
Development grant cash inflow reported by sampled schools	12.7	1.2	6.4

Per student disbursement of the development grant, **Rungwe**

	2002	2003	2002 and 2003
Central level disbursement to Councils	11.0	6.2	8.4
Council disbursement to all schools in district	9.1	8.0	8.5
Council disbursement to sampled schools in district	17.9	8.9	13.2
Development grant cash inflow reported by sampled schools	17.8	8.1	12.7

Per student disbursement of the development grant, **Sumbawanga**

	2002	2003	2002 and 2003
Central level disbursement to Councils	9.0	4.7	6.6
Council disbursement to all schools in district	8.1	4.0	5.9
Council disbursement to sampled schools in district	6.5	4.8	5.7
Development grant cash inflow reported by sampled schools	5.1	4.9	5.0

Per student disbursement of the development grant, **Mpanda**

	2002	2003	2002 and 2003
Central level disbursement to Councils	13.0	4.5	7.9
Council disbursement to all schools in district	8.2	10.3	9.5
Council disbursement to sampled schools in district	9.9	9.8	9.8
Development grant cash inflow reported by sampled schools	11.4	4.8	7.8

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Per student disbursement of the development grant, **Nkansi**

	2002	2003	2002 and 2003
Central level disbursement to Councils	12.2	5.8	8.6
Council disbursement to all schools in district	12.2	5.8	8.6
Council disbursement to sampled schools in district	9.6	2.7	5.8
Development grant cash inflow reported by sampled schools	8.6	4.0	6.1

Per student disbursement of the development grant, **Singida TC**

	2002	2003	2002 and 2003
Central level disbursement to Councils	10.0	5.1	7.3
Council disbursement to all schools in district	11.0	5.4	7.9
Council disbursement to sampled schools in district	7.8	6.1	6.9
Development grant cash inflow reported by sampled schools	6.9	6.1	6.5

Per student disbursement of the development grant, **Iramba**

	2002	2003	2002 and 2003
Central level disbursement to Councils	8.4	4.9	6.5
Council disbursement to all schools in district	7.1	5.7	6.4
Council disbursement to sampled schools in district	8.6	5.3	6.8
Development grant cash inflow reported by sampled schools	7.1	4.9	5.9

Per student disbursement of the development grant, **Manyoni**

	2002	2003	2002 and 2003
Central level disbursement to Councils	15.2	7.9	11.0
Council disbursement to all schools in district	12.4	9.4	10.7
Council disbursement to sampled schools in district	13.3	5.0	8.8
Development grant cash inflow reported by sampled schools	11.5	6.0	8.5

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