TRANSPARENCY INTERNATIONAL
the global coalition against corruption

PROTECTING EDUCATION SECTOR RESOURCES FROM CORRUPTION

Education is a fundamental human right. All around the globe it is seen as the key to a better future, life with dignity and a sustainable livelihood. Funding is critical to ensure that education achieves these ends. But resources are not sufficient alone. Corruption and mismanagement can squander funds before schools ever see them. A series of integrated mechanisms is needed to stop these losses before they start.

Education is one of the largest recipients of public funds and aid flows, putting considerable amounts of resources at stake for the sector.[1] In some cases, such as in Ethiopia and Indonesia, public spending on education exceeds a quarter of all state expenditures.

These sizable amounts of funding – while needed to realise the right to education and reach the Millennium Development Goals by 2015 – make them vulnerable to corruption and mismanagement.

In Nigeria, at least US$ 21 million was lost over two years as funding was disbursed from the national to the local level. In Kenya, similar problems in transferring funding from the ministry to schools led to US$ 50 million in five years not being accounted for.

Such losses and leakages prevent designated funds arriving where they should: to build schools, pay teachers, and educate children. This undermines access to education and global commitments to provide universal education for all. Moreover, it compromises the quality of education and students' long-term learning.

To strengthen the management of educational resources, a holistic response to the problem is needed that looks at the multiple points where corruption and mismanagement might happen along the way and empowers parents and communities to hold their governments to account by having the information they need to get involved in an effective way.

THE ISSUE

Complex administrative structures in the education sector mean that money may be disbursed through multiple layers down from the national government to municipal authorities, making the tracking of funds impossible. Some schools may not even know how much money they were to have received in the first place. In some cases, this means that valuable resources may be mismanaged or stolen.

These abuses in the allocation and disbursement of education budgets require a comprehensive approach to combat it. Whether decentralised or centralised, education systems need clear regulations on the allocation and disbursement of resources. Traditional public finance tools (e.g. Public Expenditure Tracking Surveys) and innovative oversight mechanisms (e.g. participatory budgeting) should be combined for more effective education resource management. An integral part of this process is the sustained participation and oversight by communities and broader civil society, with full access to information on government commitments and actual allocation.

Governments and local administrations should welcome the involvement of local stakeholders and civil society – such as through school management committees and parent-teacher associations – in the monitoring and oversight of education resources. Since governments use public resources to finance the education sector, it is important that the public participates in not only monitoring the allocation of resources but also in the process of deciding how those resources will be used and assessing the final results. This ensures that communities and individuals are aware of their entitlements. When they are excluded, problems can arise with monies being mismanaged, as in Peru (see side bar, page 3).

Yet in looking at solutions, it is important that any one measure is not carried out in isolation. The problems can only be addressed using an inclusive, multi-faceted and multi-stakeholder approach that combines systematic assessment tools with strategies for empowering those most affected by corruption to prevent it.

RECOMMENDATIONS
TO GOVERNMENTS & SCHOOL OFFICIALS:

Put in place regulations for transparency in resource allocation

- Implement a clear policy framework that clarifies roles, responsibilities and rules for allocating and spending monies.
- Make all information widely available and easily understandable (this includes information on policies, budgets, and management decisions).
- Set up control structures over spending at all levels.
- Ensure fund disbursement does not involve unnecessarily complex processes and channels.

Implement efficient education management information systems (EMIS)

- Encourage ministries of education to establish a wide-ranging and well-functioning EMIS to detect and reduce corruption.
- Make the information provided by the EMIS accessible and easily comprehensible by local stakeholders and civil society.

FOLLOWING THE EDUCATION MONEY TRAIL IN KENYA

Following an audit in 2011, Kenya's Ministry of Finance found that US$ 48 million which had been earmarked to fund free primary education in the country between 2005 and 2009 had been misappropriated.

In response to these findings of alleged systemic corruption in Kenya's education system, many key donors opted to freeze or withdraw their funding of the sector. Some even demanded that the misappropriated funds be returned to them.

The audits revealed that the complex system of controls set up by the Ministry of Education to safeguard against corruption and other risks in disbursing funding suffered from serious weaknesses.

This was not the first time for such revelations. Transparency International Kenya had signalled these problems before. There was an overall lack of public access to key information and absence of formal civic engagement, both of which had prevented civil society and other stakeholders from playing a watchdog function over government activities in the sector.

MAKING DATA ACCESSIBLE

An Education Management Information System (EMIS) is a comprehensive system of information based on schools, administrations or students that enables the timely, accurate and reliable production of education information that is accessible to stakeholders at various levels.

The system can include, for example, information on an employee's gender, experience level, previous postings and pay to ensure salary payments go to the intended recipients.

In the case of South Sudan, their EMIS has included a revised payroll system intended to move money more directly to teachers, thereby reducing opportunities for leakages.

Carry out external, independent auditing of the Ministry of Education and schools

- Establish regular, external and independent auditing of education and public sector budgets, from the ministry to the school level.
- Make publicly accessible the details and results of auditing processes. If audits reveal discrepancies, governments must effectively follow up.
- Give civil society organisations the opportunity to scrutinise the reports.

Conduct a public expenditure tracking survey (PETS)

- Ensure governments and education authorities at all levels initiate PETS projects and carry them out with civil society involvement.
- Make accessible and comprehensible information and findings to all actors.

Create mechanisms for participatory oversight and civic engagement

- Guarantee all information related to education budgets is made public in a timely, accessible, comparable and comprehensible manner.
- Institutionalise oversight by creating and capacitating School Management Committees and/or Parent-Teacher Associations with clear roles, responsibilities and rights.

ABOUT THE SERIES

This policy brief is one of five that has been produced using information presented in Transparency International's *Global Corruption Report: Education*. The report presents more than 70 articles written by experts in the fields of corruption and education, from universities, think tanks, business, civil society and international organisations. The report presents both qualitative and quantitative research to advance our understanding of the dynamics of corruption in the sector and focuses on providing examples of practical solutions. The report is published by Earthscan from Routledge. For more information, see:
www.transparency.org/research/gcr

TRACKING EXPENDITURE IN UGANDA & VIETNAM

A Public Expenditure Tracking Survey (PETS) is a method used to study the flow of public resources (funds, personnel and materials) in order to verify that activities and programs are consistent with budget allocations.

However, PETS alone do not lead to improvement in budget management but rather what is done with the information revealed.

In 2008, a study in Vietnam found significant differences in spending per capita on primary school students among provinces, districts and schools. For example, resources at the district level were not going directly to fund schools, suggesting problems of leakages and mismanagement. Recommendations were made to strengthen the management, monitoring and efficiency of education resources.

In Uganda, a PETS carried out in 1996 revealed large-scale resource leakage in a per pupil grant programme to schools. On average, from 1991-5, 87 per cent of the grant was captured by local officials for purposes unrelated to education. In response, the government implemented policy reforms, including an information campaign.

WEAK OVERSIGHT IN PERU

In Peru, a public school maintenance programme was introduced in 2008 to give school heads direct control over related annual spending. In spite of safeguards, reports from a wide range of sources have shown that corruption and mismanagement have not been effectively discouraged.

Peru's comptroller office issued a 2011 report that signaled problems were due to low levels of transparency and accountability. School heads who were interviewed explained that they either did not know about the programme or did not understand that monies were only to be used for infrastructure maintenance. Moreover, parents from the communities were never provided with information about the funds or the programme.