Institute of Policy Analysis & Research ipar

Education Financing in Kenya

Secondary School Bursary Scheme Implementation and Challenges

1. Introduction

An historical analysis of the patterns and trends of education financing in Kenya reveals existence of a partnership between the state, households, and communities, long before the introduction of the cost-sharing policy by the Government of Kenya.

In the cost-sharing strategy, the government finances educational administration and professional services, while the communities, parents and sponsors, provide physical facilities, books and supplementary readers, stationery and other consumables.

The Ministry of Education, Science and Technology (MoES&T) operates a bursary scheme at secondary school level as part of, and within the auspices of the Social Dimensions of Development Programme, targeting the poor and vulnerable households. The major objective of the scheme is to enhance access to, and ensure high quality secondary school education for all Kenyans. The philosophy behind the scheme was to translate into reality the idea that no child who qualifies for secondary education should be denied access due to inability to pay school fees.

1.1 Problem Statement

Despite the rationale for the introduction of such safety-nets as bursaries in the education sector, there are increasing concerns regarding their ability and sensitivity in cushioning the income poor and vulnerable groups against adverse effects of the escalating costs of secondary education. Major concerns are in regard to the MoES&T bursary scheme's inadequate finances to cater for all eligible needy students; weak administrative systems as evidenced by delays in communicating the bursary awards to beneficiaries; and questionable bursary eligibility criteria. Thus, against the background of more than half of Kenya's population living below the poverty line, and the rising cost of education, majority of households, especially among the poor and the vulnerable groups, are unable to access the benefits accruing from investment in the development of quality secondary education.

1.2 Study Objectives

Objectives of the study included documentation of patterns and trends in financing secondary education in the public sector in Kenya, and analysis of the bursary scheme at the secondary school level focusing on disbursement procedures, equity considerations for different socio-economic groups; and the overall impact of the bursary scheme on access to secondary school education with regard to the income poor and other vulnerable groups.

1.3 The Methodology

The study adopted an exploratory approach using a descriptive design. Four provinces were randomly sampled and one district purposively selected from each province. The key respondent categories included, MoES&T staff, school-based education staff, and opinion leaders at the community levels. Personal interviews based on questionnaires, semi-structured discussion guidelines, and focus group discussions (FGDs) were used in data collection, to complement the secondary data. Data analysis was carried out using the Statistical Package for Social Scientist (SPSS).

2. Results and Discussion

2.1 Financing Patterns

Introduction of cost-sharing created a heavy burden on households, to an estimated current expenditure of between 30% and 44% of their annual incomes on education. In the non-ASAL regions, the emerging expenditure patterns as a percentage of annual household incomes were estimated as: Central (71.3%), Nyanza (67.9%), and Western (64.1%). This contrasts to ASAL and other regions at the following levels: North-Eastern (41.3%), Rift Valley (41.2%) and Coast (40%). Thus, there was a significant difference between the proportion of household incomes spent on education by various households across the country ($x^2 = 37.12$, $df = 21$, $P < 0.001$), with households in non-ASAL regions spending more on education as compared to their counterparts in the ASAL provinces.

The household expenditure on various secondary education related items indicated regional variation across the country, with urban households spending a larger proportion of their incomes on secondary education, (approximately Kshs. 34,923 per child), while households in the high potential rural areas spent the least proportion (Kshs. 21, 170 per child).

At the national level, households spent a total of Kshs. 24, 370 per child on secondary school education. 37.3% of this cost was spent on indirect educational costs, viz. uniforms, books/stationery, pocket money, and transport. This suggests that indirect costs constitute a critical element in secondary school education financing.

The current government policy on how schools should raise funds gives head teachers much leeway to decide on the type of educational levies to impose on parents. Most of these levies are imposed and hiked regardless of the parents' ability to pay. The study revealed existence of undemocratically 'stage-managed' annual general meetings where decisions are forced on parents. In other cases, some head teachers introduce prizes for best students with the actual motive of camouflaging their roles in financial mismanagement of school funds. These malpractices, inflate education levies and costs, in effect locking poor students out of secondary education.

2.2 The MoES&T Bursary Scheme

2.1.1 Effectiveness and Efficiency of the Bursary Scheme

With regard to effectiveness and efficiency in the operations of the bursary scheme, special attention was paid to disbursement procedures, equity considerations, number and type of beneficiaries categorized by socio-economic groups, sex and institution.

2.2.2 Bursary Allocation Procedures

The government channels the bursaries to schools, through the MoES&T. Schools are in turn expected to distribute the bursary funds to prospective beneficiaries, according to financial needs' assessment. The only category of schools given preferential allocation of funds are the 18 national schools, which are allocated 5% of the total bursary funds available in any given fiscal year. The remaining schools are allocated their share of the bursary fund proportionately, depending on the school size, in terms of student enrolment and without reference to the boarding status and type of school, i.e. whether boys, girls or mixed.

2.2.3 MoES&T Bursary Allocation per Province

The National and Provincial MoES&T bursary allocations have been fluctuating over the period under review. There was a drop in the bursary allocation from Kshs. 270 million during the 1997/98 fiscal year, to Kshs. 201.5 million during the 1998/99 fiscal year. However, the amounts allocated to the different provinces reveal that only the North Eastern province had its allocation nearly doubled, having increased from Kshs. 3,186,916 in 1997/1998 to Kshs. 5,481,157 during the 1998/1999 fiscal year (see Table 1). The rest experienced drastic reductions in bursary allocation, at the following reduction levels: Nairobi (57.6%), Central (32.6%), Eastern (31.1%), and Western (29.4%). Bursary allocations to national schools were also slashed to nearly half.

Table 1: MoES&T Bursary Allocation by Province between 1997/98-2001/2002

Province	1997/98	1998/99	1999/2000	2001/2002
N.Eastern	3,186.92	5,481.16	2,592.02	4,063.52
Central	9,200.18	3,918.23	5,106.91	15,104.53
Western	26,042.54	18,264.03	18,837.05	70,373.27
Nyanza	32,793.94	27,746.58	26,681.51	98,094.62
Coast	39,964.79	26,944.10	32,277.12	107,710.21
R. Valley	60,364.02	50,694.73	47,590.78	113,019.34
Eastern	62,049.76	42,753.95	47,694.41	98,633.25

Source: Ministry of Education, Science and Technology.

2.2.4 Bursary Allocation by Province and by Student

The MoES&T bursary allocation by province and by student during the 1999/2000 fiscal year show that allocations per student varied across the provinces. Four provinces got the largest amount above the national mean of Kshs. 318 per student. These were: Coast (Kshs. 569.40), North Eastern (Kshs. 508), Eastern (Kshs. 406.8), and Rift Valley (Kshs. 365). It is noted that these provinces are located in the economically marginal ASAL regions where most communities are poor and vulnerable. In contrast, the remaining provinces got lower allocations per student, and below the national mean: Nairobi (Kshs. 285.30), Nyanza (Kshs. 224.70), Central (Kshs. 219.70), and Western (Kshs. 205.50). These provinces represent the better-endowed areas, with high to medium agricultural and economic potential. As such, majority of households in these areas are assumed to have higher socio-economic status than their counterparts in ASAL regions. In awarding the bursary allocations, therefore, the MoES&T incorporates mechanisms that take into consideration the ASAL limitations, among other vulnerable factors. Abuse of the bursary facility has been reported, with underserving cases awarded bursaries way above the amounts given to genuinely deserving students.

2.2.5 Impact of the Bursary Scheme

Needy students had varying amounts of outstanding fees. At the national level, the MoES&T bursary allocation per needy student was estimated at Kshs. 675, constituting only 6.4% of the total outstanding fees. In all the study districts, except Garissa, the MoES&T bursary allocations catered for less than 10% of the total outstanding fees of needy students. Thus, in spite of the large amounts of bursary funds, only a small percentage is actually disbursed to the beneficiaries. It is further noted that, if the Kshs. 500 million bursary funds allocated during the 1999/2000 fiscal year had been put to proper use, the allocations per student would have doubled. In this case, however, only Kshs. 210 million was actually disbursed.

In conclusion, the bursary fund is both insufficient to meet the objectives of enhancing access to secondary education and reducing the dropout rate among the poor, and also improperly managed. Among the factors associated with constraints against the limited positive impact of funding is the rising incidences of new cases of vulnerability due to the widespread and rising cases of absolute poverty and HIV/AIDS.

2.2.6 Shortcomings of the MoES&T Bursary Scheme

The MoES&T headquarters dispatches funds directly to schools' bank accounts to be allocated to needy students. Results indicated that MoES&T had not given adequate guidelines to schools on how to identify needy students for the bursary awards. The general MoES&T guidelines simply instruct the schools to allocate the money to poor, bright (based on exceptional academic track record), and well disciplined students, failing to give specific guidelines regarding the amounts of bursary funding to be allocated per student, in order to have meaningful impacts.

Without clear guidelines, schools use various criteria and methods to allocate the bursaries. As a result, most head teachers

abuse the facility by awarding the bursaries to their kin, some from less deserving backgrounds. Some head teachers even use part of the bursary funds to meet their personal needs. In other cases, some DEOs and politicians are said to have put undue pressure on head teachers to allocate bursaries to their relatives, thereby denying the genuinely needy students access to the facility.

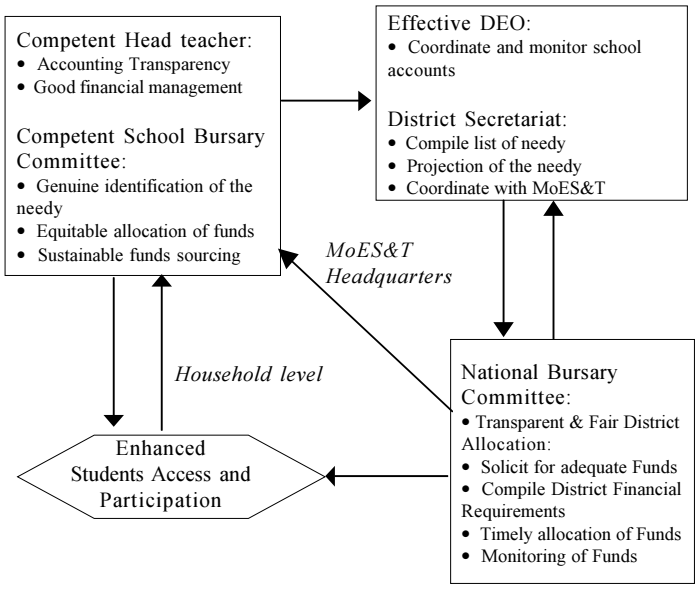
There was lack of a monitoring mechanism, giving room for systemic flaws that mitigated against smooth implementation of the fund as approved by parliament. Besides, the allocation of bursary funds to schools is not consistently regular. Some schools, for example, are either completely left out of the bursary list or only given the first batch of the allocation and miss the subsequent batches. These inconsistencies increase the chances of students being sent home for fees and partly account for irregular school attendance among poor students, resulting in poor academic performance.

Finally, the combined effects of poverty at the household level and the high cost of education, coupled with reduced government expenditure on secondary education, have resulted in inadequate provision of teaching/learning resources, contributing further to deterioration of performance. In its current form, the MoES&T bursary fund has not had the desired effect of enhancing access to, retention, and participation in secondary school education.

3. Revitalizing the Bursary Scheme

To ensure effectiveness and operational efficiency in addressing the plight of the poor and vulnerable groups, the bursary scheme should adopt a participatory stakeholder approach involving community/household representation, school management, the district education staff, and the national bursary committee at the MoES&T headquarters. This is conceptually reflected in Figure 1.

Figure 1: The Conceptual representations of the Effect, Efficient and Realistic Bursary Scheme



The conceptual presentation suggests a more grassroots and central role for school teachers and PTAs in ensuring availability and use of co-ordinated household information to guide the process of bursary applications, prior to submission and analysis at the district level and forwarding by the DEOs to the MoES&T headquarters. Upon receipt of the results from schools through the districts, the national bursary committee should critically look at the receipts in comparison to the total national bursary fund. This amount should be submitted to the Treasury for inclusion in the appropriation accounts to be presented to parliament for approval and allocation. On approval by Treasury, the MoES&T should apportion the bursary fund to the districts, to be released depending on the amount approved, school requests, using the corrected formula below:

$$D = B \times \frac{Se}{Ne} \, Pi \times Hi$$

Where: D = District bursary allocation (in Kshs.)
B = Total bursary for the fiscal year (in Kshs.)
Se = School enrolment (student enrolment in the district)
Ne = National student enrolment
Pi = Poverty index (absolute or severe poverty index)
Hi = HIV/AIDS prevalence rate

A more effective overall strategy should incorporate development of a bursary application procedure and criteria to be used to effectively determine the deserving cases, by establishing committees at the school, district and national levels to vet and approve the most deserving cases for the bursary awards. Implementation should be monitored from the headquarters down to the targeted schools or individual students. This proposal should go along way in ensuring enhanced transparency and efficiency in the bursary allocation and disbursement to more deserving students.

4. Conclusions and Policy Options

4.1 Conclusions

4.1.1 Bursary Schemes as a Safety-Net

Introduction of bursaries, as part of the safety-nets in cushioning the poor and other vulnerable social categories against poor access to education, was a noble policy goal. However, the bursary scheme has not been effective and efficient in meeting its objective as expected. Inadequate financing to provide for all eligible and deserving needy students; structural weakness in administrative systems as evidenced by delays in disbursement; non-remittance of bursary funds to some schools; and delays in communicating the awards to the beneficiaries, among other factors, were noted as key challenges. A major impact of the current educational reforms has been to transfer the burden of financing secondary education to the parents/guardians, to the disadvantage of the poor, impacting negatively on secondary school enrolment and performance. In addressing these issues, it was recommended that the MoES&T should:

- Increase the current bursary funding level from Ksh. 210 million to Ksh. 1.5 billion. This will enable the poor and deserving students to meet at least 60% of their outstand-

ing fees.

- Establish clear guidelines regarding the socio-economic categorization of those to benefit from the bursary awards. The criteria should be used to identify the needy and most deserving applicants. A monitoring mechanism should be put in place to ensure transparency and accountability in working out the amount of funding to be allocated per student, and also in the disbursement of the funds.
- Ensure that schools are guided on how to evolve "fees waiver mechanisms" as well as income-generating activities in order to enhance access to secondary education by the poor and vulnerable.
- Ensure that the funds are released promptly and not later than mid-January of each year, for the first batch, and by mid-June, for the second batch.
- Ensure that head teachers convene school bursary committee meetings to review the final allocations and prioritize the most needy cases. Updated financial status of those being evaluated for the funding must be fully and clearly indicated to guide assessment of their merit. Once the funds are allocated, parents and guardians of successful beneficiaries should be informed in writing.
- As much as possible, ensure that the funding allocated does not fall below 60% of the average and regular financial requirements of the applicants.
- Make public lists of students who receive the bursary funding and the amounts allocated, to enhance transparency and accountability in the management of the bursary scheme.
- Require head teachers to make financial returns and accounting for the bursary funds channeled through their schools, within a given time-frame. The returns should be discussed at the school bursary committee and BoG levels before being forwarded to the DEOs.
- Ensure that the actual expenditures as reflected in bursary allocation match the total allocation of approved estimates.
- Ensure that the total amount approved by parliament is made available to the MoES&T for actual spending.

4.2 Policy Options

4.2.1 Education Financing

The cost of secondary education has escalated due to high indirect costs imposed by schools, many of which openly disregard the fees guidelines set by the MoES&T. The study made the following policy recommendations based on its findings:

- The MoES&T should only provide tentative fees guidelines and allow individual schools to work out the actual fees, taking into account geographical variations, economic potential and other socio-economic factors influencing education financing in specific circumstances. This would in effect promote ownership at the primary stakeholder levels and possibly promote enforcement of fees collection efforts.
- The MoES&T should monitor the effectiveness of indirect secondary school levies, viz. holiday and weekend tuition; mock examination fees; etc., and possibly abolish them if they do not significantly enhance performance. Consequently, schools should diversify their income-generating activities, making more use, for example, of such income sources as school farms, etc.
- Proper accounting for funds from different income-generating projects should be made. Surplus funds could be used to assist the poor and vulnerable students in meeting their fees requirements or even improving the quality of facilities and services at the school.

4.2.2 Government Assistance to Secondary Education

Recurrent expenditure per student and development expenditure per school as per the funds allocated by the MoES&T have declined drastically in recent years. The limited financing of secondary education has largely been directed towards recurrent expenditure, which finances teachers' salaries and allowances, at the expense of development expenditures. Yet, the latter are important in meeting the cost of physical and instructional facilities. The reduced government financing has resulted in poor quality education as most schools, particularly those in low-income areas, are inadequately provided with basic facilities. In this regard:

- Government spending should be re-structured to reflect increased relative budgetary support to the secondary education sub-sector, particularly regarding development expenditure.
- The MoEST&T should ensure the bulk of the funds allocated to the secondary school sub-sector goes into instructional and related materials, and is equitably distributed across all regions according to the relative poverty levels of the areas. Efficient utilization, with strict monitoring and auditing should constitute key features of this process.
- At the global level, and in line with the commitment to achieving Education For All (EFA) as envisioned at the World Education Forum in Dakar, Senegal, 2000, the focus of donors and development agencies is on basic education. The government should, therefore, move towards incorporating secondary education into the mainstream basic education.
- The government, academic and other stakeholders should review the cost-sharing policy at the secondary school level.

For detailed discussion of the issues contained in this Brief, refer to IPAR Discussion Paper No. 035/2003: ***Education Financing in Kenya: Secondary School Bursary Scheme Implementation and Challenges.*** by E. Njeru, J. Orodho. ISBN 9966-948-98-8

A copy can be obtained from:

Institute of Policy Analysis and Research (IPAR)
P. O. Box 45843, 00100 GPO Nairobi, Kenya.
Tel: (+254-20) 251179/252885/331767
Fax: 251162
Email: info@ipar.or.ke
Website: http://www.ipar.or.ke
Visiting address:
2nd Floor, Norfolk Towers, Harry Thuku Rd/Kijabe St Junction