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SUSTAINING FREE PRIMARY EDUCATION AND ENROLLMENT IN KENYA

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Dedication

I dedicated this paper to my parents for their great support and humble upbringing for past 28 years. In them have learnt a lot and this paper acts as one of the steps and benefit generated from their teachings.

Thank you "baba" and "mama" Obadiah and Grace Okumu. May God bless you all and may you live to see the fruits of your efforts.

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ACRONYMS

AIDS	- Acquired Immune Deficiency Syndrome
DFID	-Department For International Development
EFA	- Education For All
FPE	- Free Primary Education
GABLE	- Girls Attainment in Basic Literacy and Education
GER	- Gross Enrollment Rate
GNP	- Gross National Product
GDP	- Gross Domestic Product
HIV	- Human Immunodeficiency Virus
IMF	- International Monetary fund
K.C.P.E	- Kenya Certificate of Primary Education
KIPPRA	- Kenya Institute of Public Policy Research and Analysis
KNUT	- Kenya National Union of Teachers
MDG	- Millennium Development Goal
MoE	- Ministry of Education
MOEST	- Ministry of Education Science & Technology
MoH	- Ministry of health
MoHA	- Ministry of Home Affairs, National Heritage and Sports
MTEF	- Medium Term Expenditure Framework
PEAP	- Poverty Eradication Action Plan
SAP	- Structural Adjustment Programmes
UPE	- Universal Primary Education
WMS	-Wealth Fare Monitory Survey

SUSTAINING FREE PRIMARY EDUCATION AND ENROLLMENT IN KENYA

Abstract

Today Kenya is among the poorest countries in the world. The political instability and economic stagnation of the 90s may have accelerated this by disrupting the operation of almost all the sectors in the country as argued by Abagi(1997). For instance, Education sector was adversely affected, since in that period, costs were relatively higher than most parents would afford resulting in school dropouts, yet common investment knowledge considers education, as a key component of human development hence needs more attention. The same period also shows that Kenya is among the few countries with considerable high education expenditure. (UNESCO, 1999); unfortunately no significant increase in school attendance was observed until introduction of Free Primary Education (FPE) in 2002. It is against this background that this paper has two main objectives; firstly to observe the enrollment trends before and after FPE. Secondly, to show the government's commitment and ability to sustain that enrollment yet they have limited financial resource. While doing so, the paper shows that allocation of other social services is at a decreasing rate and that the situation may result into poor performance by other sectors. It concludes that the government of Kenya is financial committed to FPE program given the percentages of education expenditure and that improvement in revenue collection will make this goal achievable.

CHAPTER ONE: Introduction

At Kenya's independence in 1963, priorities in education sectors were directed towards expansion of higher education due to demand for skilled personnel from vacancies left by the British government. (Abagi, 1999) After that it was clear that access to primary education was becoming an important means of gaining employment since few people had either basic or higher education. With that kind of need, demand for primary education has been changing, leading to numerous shocks. The first occurred between 1984 and 1985 when enrollment decline from 107% to 99%. The second was observed when enrollment fell from 105.4 to 101.8 in 1989. Thereafter the decline was at a decreasing rate such that by 1993 enrollment rate had reached 88% (Bedi et al, 2004) as shown in Figure1a. And later the shock created by FPE in 2002 that resulted in a GER of 103 in 2003. (Sector Review and Development MoE, 2003).

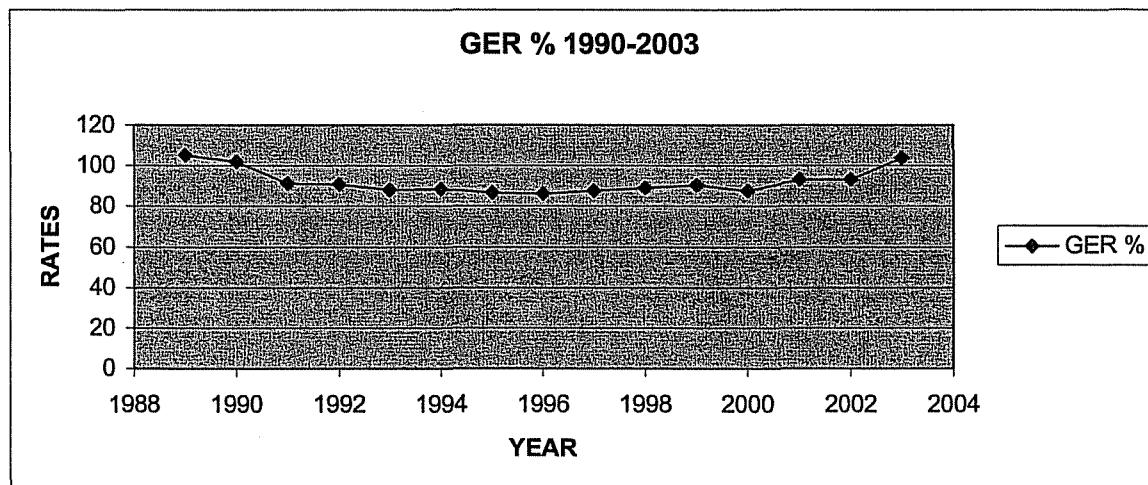


Figure 1a Source: MOEST (2003)

Figures from 1999 population census, show that the proportion of primary education dropout before 2000 had considerably changed from 1 %(1979) to 5 %(1989) to 8 %(1999). Thereafter a report from MoE (2003) indicates that the situation started improving leading to a drop out rate of 4.9% in 2000. Both of these movements can be attributed largely to education costs as argued by Bedi et al (2004) that education cost was one of the major contributing factors to increasing drop out rates and therefore a reduction in gross enrollment rate (GER) in primary schools.¹ Besides costs, 1995 primary school census (MoE, 1998) shows that 19% of the cases were due to the negative attitude illiterate parents had attached to education in regard

¹ GER had fallen from 115.2% in 1980 to 86.9% in 1999.

to what they were able to observe as an immediate benefit to education. This shows that school demand factors have different dimensions.

It is under this scenario of decreasing enrollment that the government pledged to increase education accessibility through introduction of FPE. I illustrate in the paper that the FPE program went through financial difficulties as shown by change in 2003 expenditure pattern when it was implemented by the newly elected administrative government of Kenya. And that it was one of their fundamental pre-electoral pledges that contributed to their victory in December 2002 general election. I would rightfully imagine that they didn't carefully consider its implication on 2002-3 government budget constraints and logistical challenges involved. This thought is supported by the fact that their adjustments weren't reflected in the government budget yet the number of teachers had to be increased, more building structure needed to be put in place to cater for expected increase school enrollment.²

Adoption of FPE policy is therefore assumed to increase enrollment but this requires substantial financial resources and management. I look at the public expenditure trends in general on education and later that portion allocated to primary education. While I don't relate expenditure to enrollment, I focus on both trends as a means of understanding education expenditure patterns and the government's ability to meet the population needs on schooling demand given their limited resources. This is important as it seeks to show the adjustments the government has made in its overall expenditure given their limited revenue bracket. And such expenditure is directed to public than private schools despite the fact that both have a role in educating the population. The other reason of focusing on public schools is based on the fact that there aren't sufficient data to enable me study private schools.

In explaining public expenditure on education and enrollment rates, I use Malawi to later draw lessons on how they tackled FPE challenges. The two countries are similar in the following ways: the FPE was introduced out of election pledge and that both lacked a comprehensive policy framework that examined resources and included key stakeholders in its formulation, both experienced an upsurge in enrollment in the initial phase of the program accompanied by

² To avoid a crisis, the government opted to adjust its budget under emergency expenditure approval from parliament to cover the cost of teaching materials in the first six months in to FPE program (before end of financial year in June). This was a short-term remedy while the country needed commitment that would be continuous and sustainable.

overcrowded classrooms and inadequate teaching resources... And while Kenya's case was government driven Malawi's was donor driven. The manner in which Malawi managed FPE for 10 years is useful as explained later on in the paper.

The study therefore focuses on the government's education expenditure pattern before and after FPE and also analysis of primary schools enrollment trends. The next part of the paper lays out the reasons for undertaking this study.

1.2 Justification and Significance

The debate on FPE in Kenya has generated a lot of controversy with a number of people doubting the government's ability to continue with the program. This is made difficult by the fact that while the government declared free and compulsory primary education, school administrators argue that this is not possible unless the governments provide enough funds, they will still impose certain charges on students. Inability to supply adequate funds will therefore adversely affect the operation of most schools, which still depends on the government. This study is important, as it shows the proportion of budgetary allocation adjustments as a result of FPE program.

In the ideal case, high education expenditure should lead to increased enrollment since more resources are now available. For Kenya, less time was allocated to understand the needs of school and government expenditure patterns. The paper will show an indicative sign of FPE effectiveness in increasing school attendance if education expenditure is increased and the government's ability to sustain this expenditure increase. This is important for policy makers, as they can modify FPE policies if it seems not to increase enrollment. In that case, restructuring government education expenditure is necessary.

Besides, Kenya is among the countries that committed herself to the provision of Education For All (EFA) by 2015 and providing free and compulsory primary education was one of the six goals used to guide countries in achieving EFA. This paper through the initial effect of FPE on enrollment and expenditure pattern will indicate the direction the government is moving towards achieving the Millennium Development Goal, (MDG). Hence other nations can use it as a guide on effect of FPE on education for all goals.

Lastly, source of funds can affect the long-term achievement of the program. Studies done by Hillman and Jenkner (2000) in IMF working paper show that those countries that have been identified as unlikely to achieve UPE completion have relatively low shares of government revenue to GDP. Kenya is among the countries with increasing shares of revenue to GDP as shown later in the paper. This can translate into improvement on expenditures without depending on the donors. The paper will therefore show revenue collection as a percentage of GDP on both countries and also the percentage of grants they receive. And the proportion of government expenditure on education to other sectors will determine sustainability of the program. If donors are the major's contributors then their withdrawal will affect continuity of the program. Analyzing government expenditure would also be of interest to donors; they will be encouraged to invest in a program if the government is financially committed. A low tax base can also affect the government's expenditure pattern (Adam, 1992) hence studying both expenditure and revenue will be of great importance when looking at the government's ability to continue with the program.

1.3.0 Statement of Problem

In 1988, the government began implementing SAP package; introducing cost sharing in basic education with the hope that the government's revenue structure will improve. (Abagi, 1997b) The ability of the governments to spend depends on how much revenue it is able to collect. However, education expenditure pattern has been consistent despite poor economic performance and poor revenue collection before 2002. This changed in 2003, after the government abolished user fee in primary schools and Kenya Revenue Authority (K.R.A) began improving on its revenue collection. This increase can be made feasible if revenue is well collected.

For instance, previous World Bank advice on total expenditure reduction implied that the government had to restructure its overall expenditure. This reduction will affect the government's ability if education sectors budgetary allocation is also reduced. Hence achieving UPE by 2015 through FPE would be an uphill task. Especially, given the fact that the country has been affected in the recent past by inadequate social and economic infrastructure in revenue collection and expenditure this is shown by chronic fiscal deficits. (Abagi, 1997b) Therefore a combination of poor economic performance and FPE is expected to increase the overall government expenditure unless the government seeks assistance elsewhere.

One would expect, given the theoretical knowledge of public expenditure on education explained later in the paper, that enrollment rates would improve as a result of increased expenditure and availability of more resources before FPE.³ Yet studies done by Kimalu et al (2000) show that even with increase expenditure, enrollment trends are still low. It is against this that the governments set a target of 15% increase in primary school enrollment between 1999-2005 as shown in the Poverty Eradication Action Plan (PEAP). Of importance to this paper is understanding that the government is able to achieve this through increased budget.

1.3.1 Questions of Study

Overall question: What are the initial impacts of FPE on primary school enrolment?

Subsidiary questions: Analyze FPE program in terms of the government expenditure and financial sustainability given their limited resources. What lesson can Kenya learn by comparing her experience with that of Malawi in respect to FPE?

1.3.2 Challenges of FPE

Primary education in Kenya has faced a number of shortcomings ranging from declining resources allocation from government total expenditure as compared to secondary and university levels to the following factors: increasing gender disparity (MOE, 2000) where in 2003 the sex ratio was 106:100(Economic Survey, 2004) and such imbalance according Okwany (2004) is as a result of lack of a national gender policy, which manifest itself in high repetition, drop-outs and poor performance among girls; Under enrollment of handicapped children who need special attention, (Karugu et al, 1995) this is because there are few specialized schools and few specialized trained teachers. In addition to the above challenges, empirical studies on determinants of schooling decisions in Kenya and other developing countries indicate that household income and wealth demand for labour, distance to school, parental education and monetary costs plays a key role. (Bedi et al, 2004; Matovu & Era, 2002).

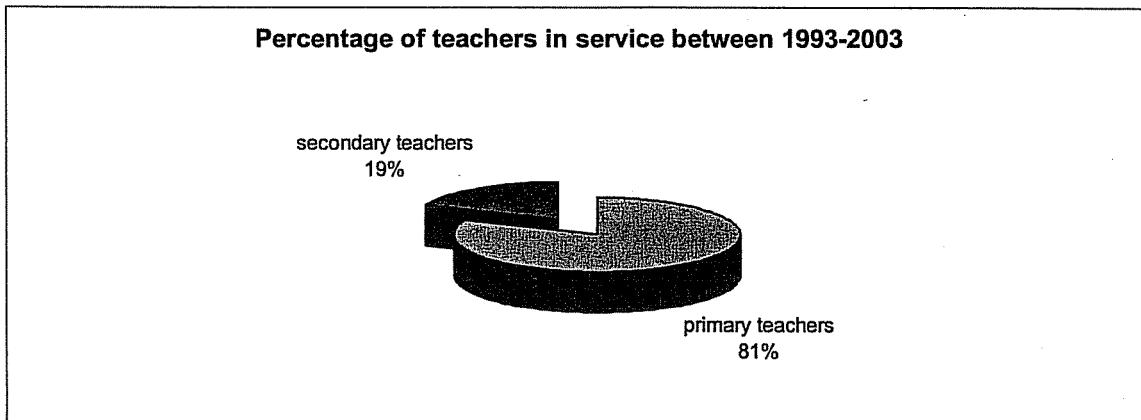
³ Public expenditure on education was estimated at 28% of total government expenditure between 1991-2000 see Bedi et al, 2004. Though the amount may be sufficient, poor management and targeting didn't yield the expected results.

In regard to HIV/AIDS, one cannot ignore the fact that it tends to increase health expenditures and therefore reduce overall household income. But this is not largely the reason that led to low enrollment since studies done by Bedi et al (2004) did not find a relationship between HIV prevalence rates and enrollment rates. Instead we accept the fact that it reduces a household education purchasing power and also that frequent illness will lead to household demanding less of schooling time.

The main areas of concern in this paper are; firstly, quality of education is adversely affected when demand for schooling increases yet this doesn't match with the resources available. For instance, according to the ministry of Education, the initial increase of an estimated 1.5 million children previously not in school as at 2002 are believed to have led to overstraining of resources as classes were now extremely full.

Secondly, the distribution of education should be relatively equal. Though one cannot ignore the role played by teachers in educating students, less fund allocation to education in-put such as textbooks and desk will have an effect on education outcomes. Even before introduction of FPE teacher's remuneration received a higher portion of overall education expenditure. Between 1992 and 1997 primary education received 55% of the total recurrent expenditure out of which 97% went teacher's remuneration (Okwach, 1997). This might have today changed given the fact that more textbooks were purchased after introduction of FPE. The large numbers of primary school teachers whose average earning was increased by more than 100% in 1997 makes the situation worse. A report from MOEST (2003) after teacher's salary award reveals that teachers average earning is 6.7 times larger than GDP per capita. Their high average earning and large numbers especially of primary school teachers makes the teacher's wage-bill larger than a poor country like Kenya can sustain. On average primary school

teachers is 81% of the total number of teachers in teacher's service commission as at 2003.



Source: own calculation based on various Economic Surveys and MOEST 2003

Their remuneration package in the recent past is considered the biggest cost factor in educational financing, besides persuading them to take position in "less desirable" areas since there is a lot of resistance for deployment.⁴

Thirdly, in Kenya just as many LDCs the major source of funds comes from the central government. They provide assistance through subsidies or grants in from taxation and donor community/financial institution such as World Bank (Abagi, 1997a). And such spending is derived from budgetary allocation in each fiscal year. All of which will depend on the amount of revenue collected by the government at any fiscal year. Poor revenue collection therefore will affect the amount of funds the government can direct to FPE program.

In the past decade the limitation to this system has been enormous. Considering that in general about 31% of cost of primary education is accounted for by the household (Psacharopoulos, 1995) but Kenyans specification shows that approximately 21% of cost of primary education was taken care of by the household between 1996-2001. (MOEST, 2003) Introduction of FPE was therefore instrumental in reducing the cost challenges.

1.4.0 Limitation and scope

The paper acknowledges that there are many factors that affect school attendance but chooses to focus on cost aspects of FPE. Besides the paper does not attempt to determine factors that

⁴As said by one of the donors to a new agency- <http://www.africanewscast.com/regional%20News/Kenya> on 4th February 2004

affect school attendance but uses previous studies to show that finance is the major factor affecting attendance. It also assumes that finance plays a key role in FPE success hence worth analyzing. The results are not conclusive but will help in observing the direction of the program.

It places more emphasis on public schools than private schools since the government's expenditure is largely directed towards public schools. Hence the study excludes private schools expenditure since their data's are readily available. But more can still be done at a future date to find out the impact of FPE on private schools.

1.4.1 Data Source

In order to provide evidence to answer these questions, the research uses a comparative analysis of Malawi's experience and also Ministry of Education and strategic policy documents, economic surveys, the government budgetary allocation to education in 2003/2004 and 2004/2005 and statistical abstract 2002. Documents written by Kenya Institute of Public Policy Research and Analysis (KIPPRA), World Bank, UNESCO statistical yearbook & World Education Reports, Malawi's study will also prove handy in this paper especially for policy recommendation.

1.4.2 Proposed Organization of the rest of the study

In setting off to accomplish what has been proposed in this chapter, the following brief outline will be adhered to: Chapter One, general introduction of study with its justification and challenges facing primary education. Chapter two will focus on theoretical literature by providing some of the determiners of schooling, theory and nature of data used in this study. This chapter will also provide a economic background of education financing; provide a model specification and lastly indicators of schooling in the data descriptions. The third will focus on structure, background and reforms in education system, and the government's role. And mainly show aspects of enrollment and its sustainability. The fourth chapter seeks to show the financial capability of the government in supporting the program by looking at expenditure and revenue trends. The fifth chapter highlights specific challenges that Malawi has encountered and how they have managed to solve it. While the last chapter will recommend the policy that the government can adopt given the following results and lessons learnt from Malawi.

CHAPTER TWO: Theoretical Literature

2.1.1 Back-ground in Economics of Education

Education is often considered, as an engine to economic growth and as a means towards trying to improve the productivity of a nation. It is in this respect that early classical economists had the view that principles in education investment are similar to those principles used in physical capital investment. (Lourdes, 2002) Its inclusion therefore in National development planning is essential as it plays a key role in improving production and human resource development. (Forojalla, 1993) This is referred to as technical progress since education is among the other production factors such as physical capital, natural resources and labour. And while referring to Solow (1957), Forojalla (1993) states that education accounts for 90% of total production. And that human capital theories show that formal education is essential in improving production capacity of the population. Hence the role-played by education in provision of skills, knowledge and technology towards production cannot be ignored. Economist such as Schultz (1963) and Becker (1964) asserted that an educated nation is a productive nation. Yet lack of financial resource can become an impediment in acquiring it. As shown by World Bank, 2001 that many countries in Africa have performed poorly since 1988 due to reasons such as less financial resources in education system and thus limitation in education access. In addition to that, Africa is the only region where the numbers of children out of school has been increasing.

The importance of these relationships is affirmed by the several attempts in the early 90s to estimate the total public cost of Universal Primary Education (UPE) in developing countries. (Delamonica et al, 2003) One of the results in those studies shows that achieving GER of 100 would require increased public expenditure. (Colclough, 1993) It is in this regard that I would say that achieving UPE through FPE in specific countries and globally require an assessment of financial capabilities and resource mobilization. And that the relationship between education spending and economic conditions is important but not as simple as one might tend to imagine. However GER may not be the best indicator or gauge of success but in a way it shows the level in which government utilize its resource.

Its success can therefore be shown by net enrollment rates, (NER)⁵ which more often than not is not easy to calculate in a number of developing countries due to lack of age data on those children attending school, this encourages projections. Besides the indicators, in cases where the demand side influences school enrollment through low returns due to social and geographical rigidity, and social norms that discriminate against girls or through opportunity cost, free access to publicly financed school will not adequately induce parents to send their children to school. (Hillman, A & Jenkner, E 2004) These distortions show that education is not an ordinary public good that should be subjected to free market forces. This is because an ideological justification of a free market requires that we exercise choice when demanding for education just as when buying a car or food. Yet this disguises the fact that choice is possible only when we have a purchasing power.

It is in this regard that Ravallion et al (1999) asserts that public expenditure can only be effective in its objective if the policy settings are right. For instance the policy of the government expenditure should be guided by the type of good or service it tends to support. And that majority of failure in the system is usually attributed to poor policy setting. They further argue that it is hardly worth increasing spending in primary schools if there are other distortions that prevent children from going to school other than cost- without tackling those distortions. For them Pro-poor expenditure needs to be accompanied by pro-poor policies. Though this paper recognizes the importance attached to program benefits I have focused on the ability of the system to achieve that benefit.

2.1.2 Governments Role on Education

The amount to invest in primary education by the state depends on economic, political and social benefits associated with its results. This investment often yields economic returns at a low pace with a combination of other assets. (Tomasevski, 2003) However being a public good, it is assumed that the policy decision of the government to invest in education is based on social welfare objective.⁶ And such investment decision should emerge from cost effective objective through analyzing both the government revenue and expenditure. Given that the government has the sole responsibility of providing education.

⁵ Attendance rate may be the best measurement since it is more accurate than enrollment rate. However attendance rates are rarely measured in most countries. Hence we opt for the second best (NER)

⁶ This is a function of total sum of individual welfare.

The state needs to provide free access to public financed primary schools where the numbers of children from poor households are high. In some countries an inadequate public expenditure management system prevents them from receiving basic education. It is under this background that some researchers blame the government for the low enrollment and education attainment. (Hillman and Jenkner, 2002). To them the government inability to supply sufficient resources for primary education affects its demand. And the recommended public funding for education coverage is estimated at 5-7 per cent of the GNP of any country. (Tomasevski, 2003) In this case, lack of a collective specific figure does not undermine the belief that public investment in education is necessary but emphasizes the need to ensure that education spending receive adequate funding.

Based on this argument one can conclude that the budgetary allocation for education to GDP will reflect a countries commitment and not ability in achieving FPE. For instance, countries that put more priorities on the military and other sectors are often considered as lacking commitment to educate their population, especially if their education system is notably weak and inaccessible. This doesn't reflect inability to support the program but shows what the governments considered as important to their day-to-day operations. As for Kenya, more emphasis on public spending is placed on education as shown by the world Education report 2000 where Kenya is among the top countries with a higher percentage of public spending on education in relationship to GNP. This is later confirmed in this paper. Unfortunately this is not reflective of her education performance since enrollment trends have been declining until introduction of FPE. And the ratio of government expenditure to education is also said to be increasing with an existence of a small decreasing changes in enrollment trends before FPE. The government should therefore ensure that this spending is directed to items that would accelerate enrollment. According to Abagi, (1997b) at end of 1996, the GoK was spending 42 times as much for a university student to a primary pupil.⁷ Implying that the amount spent on each university student would be enough to enable 41 pupils attendance primary school a year.

It is in this regard that Tomasevski, 2003 argued that diminished spending would lead to exclusion of poorer students from schools. In order to increase accessibility and eventually eliminate education patterns that promote social inequalities, the government has a duty to reduce the cost of education. This will enable those who enroll in schools have opportunities

⁷ The ratio given is 1:3:42 primary, secondary and university at a price in ksh. Of 2,774, 9418 and 115,812 per year respectively.

and capabilities to improve their well-being and later creates a productive and independent society. All that will go towards accumulating human capital. While I acknowledge the government's responsibility of ensuring that its population is educated, my reservations are directed towards how effective will abolition of user fee improve the education system in primary level.

2.1.3 Factors affecting schooling demand

Primary education demand is often a complex issue since it is determined by many factors. In order to appreciate this statement, one needs an in-depth study of numerous factors affecting schooling demand. In my case, I will list a few of the core factors responsible for schooling demand but I acknowledge that each exert a different effect on success of schooling. And though a country's success in education can be measured in several ways, I will focus on school enrollment and attendance ratios as asserted by Bedi et al (2001) to be the commonest indicators to measure this success.

As a start, I consider cost of education since it affects the decision of a parent to send a child to school. The parents will demand more schooling if they are able to pay for costs such as books, school fees and transportation to and from school. In cases such as poor households, an elimination of user charges will not easily create schooling accessibility or demand, especially if schooling will deny the household member from contributing towards the total household income through child labour. This shows that FPE can only increase attendance up to a certain limit.

Secondly, parents are often stimulated to send their children to schools that are considered successful. This is measured by the annual results obtained in K.C.P.E test score. In fact a number of studies have tried to show a relationship between the type of school and decision of parents to invest in a Child's education. (Becker 1964; Bedi and Marshall, 2000) In these cases, good schools often attract a large number of students. Unfortunately results show that such decisions are often made at the higher level of education and where individuals aren't only willing to go to school but that they are able to afford their choice. In my case, parents are in need of quality education but they have a weaker purchasing power for education.

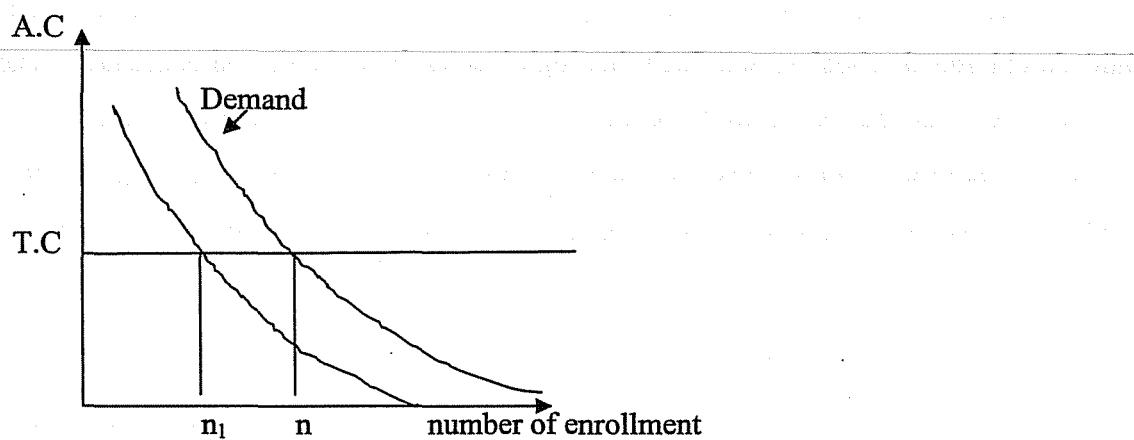
Thirdly household characteristics such as household income, parents education, occupation, and how they perceive schooling attendance and outcome affects the decision on whether a child should attend school or not. Such that high income households and educated household are likely to send their children to school than those with low level of income and lower education. (Behrman, 1987) There are still many other factors affecting schooling but the three above are sufficient enough in provided background on primary education system in my case.

2.2.1 Analytical framework

A number of countries especially in sub-Saharan Africa have found it difficult to allocate sufficient resources to public schools. A situation, though complex, is often blamed on socio-economics difficulties (Gibbon 1996). One of the fundamental issues in this paper is that many children will be excluded from school as shown in the previous chapter if user fee are not abolished or if there are insufficient resources allocated to schools. An analysis by Hillman (2003) show that if costs are assumed to be fixed, the average costs of enrolled students to class is reduced which therefore implies that no child should be excluded from school for the reason that costs is extremely high. And though the tuition fee is often constant, other costs will vary with the number of enrollment. For instance, costs contributed by parents for construction will reduce when the number of enrollment increases, as such cost can change from time to time. Before free education is introduced user fee is used to cover additional costs and it assumes that a decline of school fee result in more parents sending their children to school.

From figure 2a below, “dd” shows parent’s education demand for their children and n for total number of children attending school if attendance was compulsory and financed by the government. And A.C is the average costs of schooling. This implies that given that the tuition cost (T.C) are fixed at T , an increase in the number of students enrolled would lead to a reduction in A.C. but only up to a certain number of students, in this case n . There are only ‘ n ’ students that can be accommodated in a classroom.

Figure 2.a



A horizontal T.C. shows that tuition fee is constant irrespective of the number of enrolled students. Hence this fee cannot go lower than the point T.C but the average cost decreases as shown in the figure. When the number of enrolled students is larger than the class capacity then the original demand shifts to a new demand, which is similar in tuition cost but varies in average costs. Increase in the number of enrolled students in this case can be attributed to introduction of free education.

This shows that tuition fees results in exclusion of children ($n - n_1$), whose parents are unable to pay, from attending schools. FPE therefore hopes to eliminate the attendance gap ($n - n_1$), as efficiency requires that no child be excluded since admitting an addition child to a class reduces the average costs. And C/n gives average costs where C is the total cost including tuition fee. This shows that though it is argued that high numbers increase cost, in reality the average costs will reduce as the number increase and thus reduce the burden parents may have on paying for education. It also shows that even with a FPE, the government can ensure financial effectiveness in schools through expansion of classes that implies increasing pupils teacher ratio and even encourage others to enroll in other school that are not considered attractive.

In order to understand education financing as a means towards increasing attendance in primary schools, I assume that it is the government's responsibility to provide finance to education as a service. And that to get the value of government's education financing, the value public spending on primary school education is divided by the total number of pupils. I also look at the proportion of such spending on the GDP and ministerial government expenditure.

This financing can therefore be done in a number of ways as shown in table 2a. Where Donor assistance involves contribution of donors to developmental budget thus increase developments expenditure. Where as school projects involves Parents Teachers Association (PTA) funds being used for hiring teachers and building new class room among many other purposes. In case of community financing, the people living in the area next to a school can contribute money towards building structures, towards hiring qualified personnel in the community to offer their teaching services to the school at a minimal fee. This reduces the burden the school can have on hiring teachers from TSC who may even be unwilling to be deployed in those schools.

Table 2a: Resource mobilization in education system

Provider of education	MOE; Public schools				
Financing options	Taxes -Fiscal budget	Donor assistance	School projects	Community assistance	User charges

Source: own interpretation of financing policy of the government

However, I do acknowledge that the community plays a minor role in education financing. But many people recognize that fiscal budgeting and user fee plays a major role in education financing (Colclough, 1997). This is often true since the most governments are the sole financiers of primary education and thus able to decided on the amount of user fee or whether they should face it out completely. And that this decision will also affect the enrollment trends since most parents would act on such a policy. Therefore introduction of FPE implies that education system will have to depend on fiscal budget, community assistance and donor aid. This paper will focus on the fiscal budget since it is the main contributor of education financing. Besides that it is the only instrument that the government can use to allocate enough resources, which they are in control of to education sectors. The end results of any option are varying since both the governments and the household will seek to derive some benefit from enrolling in schools.

At the national level, the benefits of attending school are likely to be associated with the increase of children's human capital. Since the government hopes that the child at some point in future would be able to engage in a nation's production activity. The government therefore tries to investment more in education by increasing education spendings. The objective is to

accelerate enrollment and thus a more educated society, which in the long run would benefit the society.

My focus on social demand therefore would imply that the key policy objective is to meet the needs of parents and pupils but compare it with the government's ability to meet those needs. According to Forojalla (1993) a reforms or expansion of education system will depend on the aggregate demand for places. And that projected enrollment figures at the current state provide a basis to have a forecast on future demand for places at that future state. He assumes that the opportunity cost remain constant in the period under study. The problem with this concept is that it is open to manipulation, for instance reducing admission procedures so as to increase public desire to go to school in the long run will affect the quality of education. However this does not negate our study since the forecast enrollment will still help in determining how much the government will have to spend in order for the program to be successful.

2.2.2 Empirical Specification /Methodology

- Testing governments financial commitment

In order to capture the relevant information-affecting enrollment, I will use gross enrollment rate (GER)⁸ despite the fact that it doesn't provide good answers to question regarding enrollments in education. One can rightfully argue that a high GER of over 100% may be due to repetition and over age children in school rather than success of primary education. Just as previously mentioned GER is among the most common ways of measuring the success of education system. Hence it is still useful in this analysis as it shows the utilization rates and the number of children the system can maintain in the schools. Though a GER of 100% will not show the success of education, but in a FPE program this numbers reflect on the government's capability given their resources.

This is the reason why according to Colclough (1993) it is possible to define GER in line with costs of schooling and the government's expenditure. The theoretical assumption is that an increase in expenditure on primary school will led to increase in enrollment. Provided that costs per pupil remain constant or rather have a slight change. The problem with this condition

⁸ According to Bedi et al (2001) and colclough(1993) GER measures the participation rate since it looks at the relationship between total enrolments and the number of those children in school whose age are with in the school going age.

is that costs are never constant and education costs also depend on the economic performance of a country. For instance increases in transportation cost as a result of increase in fuel cost will not only affect individual cost but also the government's expenditure on cost it incurs while transporting learning materials. The GER formula is given by the:

$$GER = f \frac{\%Y}{C_p.A} \quad (I)$$

Where '%Y' represents the proportion of GDP expenditure on schooling, 'C_p' is the costs as a percentage of income per capita and 'A' the number of those who should be in school in any given society, keeping in mind primary school age of 6-13 in Kenya. It shows that GER is directly proportion to GDP and inversely promotional to income per capita. It is further believed that 'A' would normally remain constant in the short-term, but that an increase of GER will theoretically be possible when the rate of change in GDP is greater than percentage change in income per capita (Ibid) The proportion of GDP expenditure comprises of those contributed by the public %Y_g and by the private%Y_p. The expenditure per pupil can also be categorized as a government (C_{PG}) or private (C_{PP}) expenditure to primary schools. This cost is further categorized as follows: C_{PG} as cost learning materials and teachers cost per pupil, while C_{PP} represent cost per pupil on school uniform and books. Hence the initial GER can be expanded to include these categories and thus expressed as follows⁹.

$$GER = f \frac{\%Y_g + \%Y_p}{A[C_{PG} + C_{PP}]} \quad (II)$$

Another problem with this interpretation is that high expenditure by the government ¹⁰(increase in %Y_g) will not necessarily increase enrolment rate but instead lead to increase "A" or increase in government expenditure per pupil. This is so because if the expected age were to be increased then both "A" and "C_{PG}" will increase therefore leading to high enrollment but the GER will either remain unchanged or even go lower. However one is still able to determine the government's commitment as either low or high by analyzing the values of public recurrent expenditure directed to primary school as a percentage of GDP expressed by %Y_g and the same recurrent expenditure but this time directed to each pupil as a percentage of GDP expressed by C_{PG}. It is after this analysis that we consider a high GER to be a reflection of government's commitment.

⁹ This analysis as previously been used by Colclough (1993) and Eicher (1984)

¹⁰ I do consider the expenditure and cost per pupils incurred by the government rather than private, since school under study are public school and also that information regarding private support are not readily available.

This further followed through the formula below

$$x_{g100} = \frac{GER_{100} * X_{gc} * CG_{100} * a_{100}}{GER_c * C_{gc} * a_c} \quad (III)$$

Where x_g denotes public expenditure as a percentage of GNP on primary school. GER_c as the current GER, GER_{100} as GER of 100, X_{gc} refers to the current public expenditure on primary school as a % of GNP. x_{g100} denotes public expenditure when GER is 100; C_{gc} refers to the current public expenditure per primary pupil as a % of GNP while C_{g100} refers to that public expenditure per primary pupil where GER is 100. Lastly a_c , a_{100} denotes current proportion of population, which is of school age, and those of school age when GER is 100 respectively.

When one assumes that c_g and a don't change over time, the summarized equation would be:

$$x_{g100} = \frac{GER_{100} * X_{gc}}{GER_c} \quad (IV)$$

Unfortunately this doesn't give the consequence of cost elimination in primary schools.

2.2.3 Data description and analysis:

The attendance rate in 1994 is therefore used to project the attendance rate in 2005, taking into consideration the introduction of free primary education in 2002. With an estimated projected enrollment rate in 2005, one can calculate the total cost given the new enrollment. Assumption is made that the unit costs of education do not change in this study. In the survey, 64% of those attending school went to private school while only 36% went to public school. This shows that despite the cost, some parents still sent their children to private school not because they can comfortably afford it, but because private school is often associated with high quality education.

The study therefore is concerned as previously indicated with those attending public school and assumption in this case is that FPE will lead to a shift from private school to public. Since the information available doesn't allow us to look at private school but it provides the possibility of analyzing the government's ability to encourage pupils to attend public school especially now that education is free and also be able to maintain them in schools. The government through FPE program can therefore reverse this trend by providing adequate resources to public school. Hence an estimate of enrollment rate and the government past and current financial commitment as reflected in the analysis of fiscal budget would prove useful in coming up with an indicative decision on the overall program.

CHAPTER THREE: Education enrollment trends and sustaining those enrollments

3.1.0 Definitions as used in the paper:

Education For All: I consider Education For All (EFA) as defined by Colclough and Lewin (1993) as reaching those who have not been reached in provision of education.¹¹

Universal Primary Education: In the broader context Universal Primary Education (UPE) could simply mean a country has a primary GER of 100 or more (Colclough and Lewin, 1993).

Education financing: This is adapted from Colclough (1997) as the provision of direct monetary contribution and support to school development. In this paper references has been placed on the ratios of spending on various education segments to GDP.

3.1.1. Overview of enrollment

In Kenya, development of education has been a long-term objective of the government since independence (IPAR, 1999). The reasons vary from basic needs and rights to other social economic benefit such as reduced fertility, improved health and a productive nation. Recognizing these benefits in 1990, Kenya joined the rest of the world in two global conferences-the Jomtien in Thailand and later the World summit for children in Dakar, as a sign of commitment in provision of EFA by the year 2015 and also to provide Universal basic education by 2000 and seeing that all children achieve UPE by 2015. One of the ways of achieving FPE was through UPE (DFID, 2001). But even under that knowledge and commitment enrollment rates have been declining until introduction of FPE in 2002. It is in the background that one is able to compliment FPE ability to achieve EFA by 2015.

However such positive goals in EFA are still out of reach for many developing nations. For instance in 2000, about 120million children didn't enroll in primary school, a higher figure than previous years (Delamonica et al, 2003). And according to World Bank (2001) Africa has the lowest enrollment rates at every level. This implies that signing documents alone in the summits cannot translate into increase enrollment unless the governments are committed. This commitment can be shown by the amount of resources allocated to education since a number of studies have been done to show a link between school resources and their effectiveness to raise education outputs such as high enrollment rates and better scores (Hanushek, 1996 and Prichett

¹¹ All the eligible children (6-13yrs) are able to attend school under an acceptable minimum quality

et al, 1999). For it is often assumed, with little evidence, that increased financing will lead to high enrollment, which translates into development. Despite such studies, little is known on how reorganization of public spending on primary education would have an impact on school enrollment and quality of education. Particularly whether reduced cost can increase enrollment in poor countries (Deiniger, 2001) or affect the quality of teaching and affect the governments spending pattern.

In Kenya, just like many African countries it is expected that restructuring of existing patterns of education spending will increase access and quality in education sector due to availability of more resources. In some cases, it has been found that other issues maybe more important than acquiring knowledge. Such that even if cost are reduced enrollment rates may still not increase because there are other factors mentioned earlier that also affect schooling other than cost of education. The authorities should be prepared to effectively manage the education system when enrollments rates are high. Studies show that such high enrollments are often caused elimination of user fees or where subsidies are provided in education. These policies would lead to progressive trends since they focus on reducing primary cost to favor the poor and hopefully leads to equal development (Castro-leal et al, 1999).

This paper, contributes towards the debate by reaffirming that right policies can accelerate enrollment. And that Kenya, just like other countries, considered FPE as absolutely no charge in schools. Yet one knows that in theory education was free but practically parents still had to cater for the certain cost incurred by their children. For instance while the government abolished tuition fee and also provided teaching material. They expected the parents to meet cost involve in food, school uniform, writing material and other personal costs incurred by the child. Under this program, given the scarcity of resources, one might question the ability of the government to meet this objective. I attach two view points on the word sustainability in the following ways; any withdrawal by the donors would negatively affect the continuity of FPE if a higher proportion of the overall education expenditure is met by the donors. Secondly, it is hoped that FPE will not negatively affect the operations of other key sectors such as health. Unfortunately if expenditure is increasing while school enrollment is reducing then the policy needs to be reviewed, as this would imply the program is not sustainable.

However such policies require an in-depth understanding of the government's ability to proceed with FPE program by looking at its expenditure pattern. A careful planning and resource co-ordination will prove useful. And that increased spending alone doesn't reflect the government's achievement but how such spending is done will yield greater results.

3.2.2 Education reform policy in Kenya: Historical Trends in Education sector.

The Education sector in Kenya has undergone numerous changes. Notably is a shift from 7-6-3 in 1964 to 8-4-4 in 1985. This implies that at the beginning of 1989 henceforth, individuals were expected to complete eight years of primary education, and later four years of secondary and university education to be considered to have successful completed education instead of 7-6-3 respectively. Although age variations maybe observed in both cases, there is similarity in accepted age (6 years and above) to join primary school. Hence the normal primary school age is assumed to be between 6-14 years.

Secondly, the Implementation of Structural Adjustment Policy (SAP) in 1988 led to a policy shift on education financing when the government succumbed to pressure from IMF/World Bank by adopting user fee in their 1989-1993 National Development Plan. The objective at that time was to reduce the government financial burden in provision of social services. That was attributed to poor economic performance; increase debt repayment and increasing budget constraints. They in particular argued that this would reduce overall government expenditure and thus reduces their budget deficits. Besides user fees was meant improve the quality of education since more supplementary funds would be available to purchase books, teaching materials, activity fees, tuition charges and examination fees. But instead it had a direct negative impact on the economically disadvantaged families thus affecting their ability to have access to education. (Abagi, 1997a) As such some researchers argue that success of UPE depends on education becoming affordable to the poor (Oxfam, 2001) briefing paper. This explains the benefit that Kenya intends to enjoy with introduction of FPE.

These shifty-accelerated schools drop out since most parents could no longer maintain their children in schools. Though there could be other reasons other than cost that led to the drop out like parental education, early marriage, pregnancy, child labour etc for this trend, some researches argue that increased costs played a key role in decline GER. This can be shown by declining trends of gross enrollment from 98.2% in 1989 to 86.91% in 1999(Bedi et al, 2004).

And by turn of the century the nation was desperately in need of a system that would enable their children enroll in schools. Unfortunately the government at that time didn't acknowledge that they were able to reverse the trend by absorbing substantial amount of primary education cost from parents. This denial went well with the opposition coalition party as earlier indicated.

3.3.1 Challenges facing teaching

The earlier chapters assumed that introduction of FPE education would increase school accessibility and even with such an assumption, the country doesn't seem to be able to absorb all the children that successfully complete primary education. And even with this kind of optimism, the system still faces numerous challenges as discussed in this section. Some of which are not the main issues in this paper but are mentioned below so that to understand the broad view of the problems facing FPE.

Firstly, overcrowding of classrooms and schools has been a common feature of FPE introduction. Increase in the number of enrollment without existence of enough classrooms and other learning facilities will adversely affect the teaching system. For instance, the paper through table 3a shows that despite of increased enrollment rates, the number of schools remains substantially unchanged. This provides a general insight on the government's ability to supply education at a time when they didn't adequately prepare for the new program. This is reflected on overcrowded classroom since the number of enrollment has been high especially after the introduction of FPE as shown in the paper.

Table 3a: The number of education institution in Kenya

Category	1995	1996	1997	1998	1999	2000	2001	2002	2003
Primary schools ¹²	17,800	16,552	17,080	17,356	17,054	17,381	17,544	17,683	17,822

Source: Economic Survey, 2003

Secondly, this kind of scenario leads to teacher's exhaustion since they have more students in their control. The situation is made worse by the fact that there is a shortage especially of teachers in specialized areas such as mathematics and science oriented subjects. This increase in enrollment leads to less attention being given to specialized subjects, which further leads to poor quality of students in specialized areas. In general, the number of trained teachers seems

¹² This includes only public schools.

to have increased by 46% in 2000, but reduced in 2001 by almost the same amount 44.9%. (MOEST, 2003) This decrease is due to the fact that the country already has many unemployed teachers and thus rolling out more teachers would be ill advised especially when the government has no capacity to employ them. This shows that there are more teachers in general subjects than in specialized areas.

The situation is also compounded by the fact that primary school teachers are now required to teacher all subject, yet their training period was inadequate to cover all the subjects at length. Hence the policy demands that teachers are able to teach all the subjects is not practical as the content of the courses are wide to be mastered in two years of diploma. The ends results will be directed to poor teaching quality and thus negate performance. This paper therefore assumes that teachers training and standard teacher pupil ratio would translate into increased quality of education that would trigger more enrolment

Thirdly, teacher's deployments are not equally distributed due to the fact that most of them wouldn't prefer to go to other harsh region. Resistance of teachers to move to areas where they are needed most affects the government willingness to ensure that all students irrespective of the region receive quality education. This also affects the enrollment of children in those harsh regions as shown later on in this particular chapter when reporting GER after FPE.

3.3.2. The Enrollment trend with introduction of FPE

In terms of enrollment, WMS III shows that of total survey, 29.5% of those who didn't go to school in the rural areas, and 34.5% in urban attributed their decision to cost factors. Hence the need emerge to introduce free primary education to reduce the burden of providing education to households. An increased change is observed in 2002 with the introduction of FPE, when GER shifted to 103% from 93%-reflecting approximately 10% in enrollments as shows in figure 1a. This confirms the crowding challenges mentioned earlier in this section. Of importance is the stability in enrollment in mid 90s despite the fact that the figures are low. The same table also shows GER trends before and after FPE implementation to confirm that there are certain periods by which enrollment trends will change, more often than not as a result of policy shift. This has also been explained elsewhere in the paper in terms of shocks. Notably introduction of user fee in 1989 generated enrollment decline and thereafter abolition of the same in 2002 led to an upsurge of enrollment.

One can count on this policy adjustments to explain the changes in enrollment. Of individual concern is that the wealth characteristics of the household affects enrollment. This huge decline and upsurge shows that policies affect the enrollment pattern. Hence, Enrollments will increase or decrease depending on the type of policy in place. And how such policy will affect the household's ability to purchase education and also their viewpoint on education return. This is so because their household budget constraints and that logically, one would expect they would priorities on basic consumption despite the fact that they acknowledge the importance of education. Hence their utility cannot be maximized on education but on consumption. In this context elimination of these costs generates high enrollment. And a number of studies elsewhere have shown that elimination of costs have a positive effect on enrollment. However, experience shows that free policies are not always absolutely free and that parents are still expected to cater for certain aspect of education costs. And therefore the utility they derive from school is lower because there household and school consumption is limited to the household budget.

The number of enrolled students can show the utility derived from schooling, which is often captured by gross enrollment rates. And while GER doesn't show the number of those who should be in school, I still find it a useful tool in indicating the overall enrollment rates. Since the number of children not enrolled are still high and that their inclusion in the education system would still go way towards improving the nation productivity despite there advance age. Another reason of considering GER instead of NER is that, data on school enrollment segmented on ages seems to be lacking and yet they are required to calculate the net enrollment rate. GER is therefore representative in this paper as it gives as a picture of what the government has to continuously do to ensure that the education system is efficiently managed. And that GER still shows how much resource the governments needs to pump to school. Therefore irrespective of ages, the governments will still have to ensure that education for all succeeds.

As such GER is directly proportional to government expenditure since a higher GER will imply more resource, coordination and management. Unfortunately the projected values do not show that increased government spending will leads to increased enrollments. Instead while education expenditure as a percentage of governments total spending increased in the 90s,

enrollment rates declined until introduction of FPE. The declining changes in Gross enrollment rates during 2000-2002 and its upsurge in 2003 in capture table 3b and supplemented further by Table A.3.1 This reflects an abrupt change in government policy. The values obtained on enrollment trends had been projected in percentage growth rates of primary school age population as follows; period between 2000-2005 will have 6.16% per year while that between 2005-2010 will have 3.8% per year as used by population council of Kenya. This shows a constant values but FPE is assumed not to increase enrollment growth rates in the long run, instead the paper assumes that enrollments will increase in the short-run up to a certain point before it begins increasing at a decreasing rate.

Table 3.b Projected values of enrollments after 2003

	2000	2002	2003	2005	2010	2015
Population of age 6-13years	6713.1	7126.627	7565.627	7853.121	8151.54	8461.298
Number of enrolled '000'	6,175.60	6,371.20	7,208.10	7305.049	7914.638	8461.409
GER	91.99	89.40	95.27	93.02	97.09	100

SOURCE: own calculation based on population census, 1999 and various economic surveys

The GER rates in on average is already high, but regional the paper still has a target of achieving a higher GER since there are some region with extremely lower GER. Though this doesn't show the success of the program in universalizing primary education by 2015, it gives an indication of what the government will spend on the sector. Using NER would be the best, but unfortunately this is not practically achievable in this paper. Hence using GER to explain the government commitments is essential as it shows the level in which the government is able to utilize its resources.

In order to do this effectively as shown in table 3b above, I have assumed a constant enrollment growth rate of 1.345% until 2015. It also shows a GER of 95.27 in 2003, but this is not actually true with the implementation of FPE and that the value also decreased to 93.02 in 2005 after implementation of FPE program under projected value. The rate of increase after FPE was slightly lower in 2005 than 2003 above. This table will show that the actual values differ with the projected value in the paper. The aim of this is to maintain the overall objective of increasing education accessibility irrespective of age and this as to be equally distributed across the country. For instance, In Kenya a GER of 100 has already been achieved with introduction of FPE but this doesn't cater for the difference in regions; instead it provides an average of GER, which is not reflective. However this shows that enrollment rates can decrease especially when overcrowded classrooms and constraint resource negatively affect

school performance. Parents in this case are not enticed to send their children to overcrowded schools. The implementation of FPE led to such conditions, more so since parents didn't consider that there are other costs of education that must be met by them in order for their children to study well.

The effect of high enrollment leads to changes in pupils/teachers. This study shows as indicated in table 3.c that the ratio increase from 35(2001): 36(2002): 40(2002) but this can not be true regionally. The table also captures secondary schools to show that continuity of primary school is low and that this is one of the factors that encouraging low enrollment

Table 3.c Teachers ratio

Year	1995	1996	1997	1998	1999	2000	2001	2002	2003
Primary	30.42	30.36	30.43	30.78	32.50	34.52	34.91	35.79	40.35

Source: own calculation from various economic survey and MOEST reports

On average, such increase does not show that resource is over constrained. But this may not be true for individual schools, since some region have fewer schools and thus have high enrollment of students and a high teacher to pupil's ratio. This ratio is however vital as an impact of high enrollment since it shows the level in which teachers interact with their student. Eventually an overcrowded classroom will lead to poor quality of teaching, as teachers easily get exhausted. This will lower the demand for schools whose performance in K.C.P.E is poor and also it reflects the reward a child attaches to school enrolment generated from quality of teaching. These further leads to a shift and over enrollment of pupils to school that perform well or are not situated in a harsh environment as shows in figure 3a. In this regard, the cycle will continue affecting the specific regional teachers to pupil's ratios. Besides this GER rates seems to vary from region to region, hence the national GER after FPE implementation will be misleading if we conclude that the program is succeeding, as there are large disparities across region. For instance, while GER in 2003 is 103%, North Eastern province records a staggering figure of 25%. This can be show in figure 4.b. The initial results on attendance are therefore not reflective on the program region-by-region success. This therefore implies that one cannot wholly celebrate the increased enrollment rates in Kenya after FPE, but instead should try show how other region enrollment rates can be increased. Less crowded classroom are often appealing to most parents.

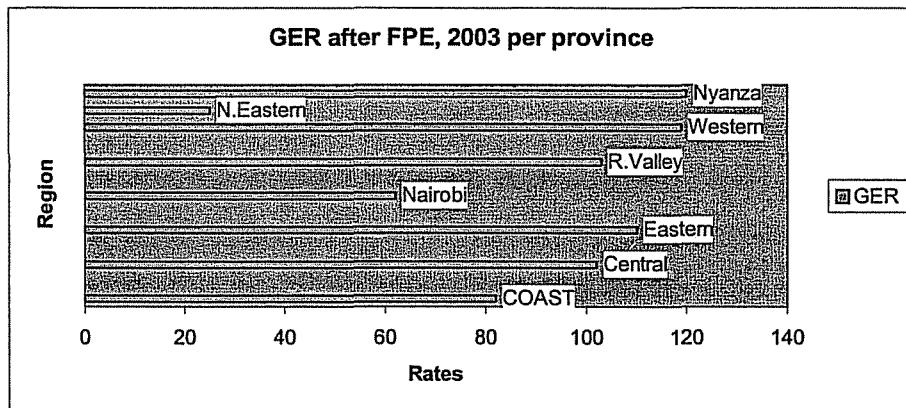


Figure 3.a SOURCE: own computation based on MoEST (2003)

This figure shows that hardship areas require more attention since even with FPE program, enrollments rates are still low. This also confirms that there are other factors other than cost that determine enrollments.

CHAPTER FOUR: Expenditure Analysis

4. 1 Government's commitment as shown by expenditure

This chapter attempts to analyze financial indicators that show the government's commitment to education in particular primary education; by use of the overall and primary education expenditure as a percentage of GDP, primary education expenditure as a percentage of public expenditure on main service activities and shares of wage bill allocated to TSC. It begins through table 4.a. and shows that recurrent expenditure of the central governments social expenditure is largely allocated to MoE.

TABLE 4.a

central government % expenditures in social services, 1998/99-2000/2003

	1998/99	1999/00	2000/01	2001/02	2002/03	2003/2004
Recurrent expenditure						
Ministry of education,science & technology	70.5	77.6	70.9	74.7	74.4	75.4
Ministry of health	19.4	15.8	22.1	14.6	17.5	16.8
Ministry of Labour&Human Resource Development	0.3	1.1	1.2	1.5	1.8	1.6
Ministry of Home Affairs,National Heritage and Sports	9.7	5.4	5.8	9.2	6.3	6.3
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: calculation from various surveys

This has also been increasing over time, with introduction of FPE leading to the highest increase. And that the government's social service expenditure between 1998-2003 shows that approximately 70% of it was allocated to recurrent expenditure while 45% of development expenditure was allocated to MoEST in that period. It is also clear that after introduction of FPE, development expenditure increased from 42.9% in 2002 to 59% in 2003 as shown in table A.4.1 a fact that can be attributed to World Bank textbook project fund. The same applies to recurrent expenditure where 74.4% in 2002 increased to 75.4% in 2003. This is good for the overall education sector, but one needs to look at the respective ministerial expenditure before equating high monetary spending to availability of more resources. The tables also show expenditure to other ministry slightly decreased, especially that of ministry of Health whose recurrent expenditure reduced from 17.5% in 2002 to 16.8% after FPE introduction and that development expenditure also decrease by an estimated values of 9% of the total central government expenditure on social services. And though not all the changes can be attributed to FPE, the trends show that the change was highly visible after FPE than before. This reflects commitments as results of the policy on social service expenditure.

I also use recurrent expenditure expressed as a percentage MoE total expenditure on different levels of education to explain the pattern of spending. The choice of recurrent expenditure to show governments commitments emerges from the way the governments allocate more

financial resources to it than to the capital expenditure, which is often supported more by the donor community. This allocation confirms the importance the governments attach on education.

The problem with this goal of increasing accessibility through provision of more resources is that, most government in developing nation and Africa to be specific, either lack financial resources or political will (Hillman, A & Jenkner, E 2004). For recurrent expenditure it shows that the government's spends more on primary schools than other levels of education. This could be due to high number of school enrollment in primary schools than other levels as shown in table 4a. However the paper doesn't attempt to look at the specific costs since my scope is limited on the enrolment and how much the government spends due to increased enrollment.

This section further shows that even with a high portion going to MoE, a large portion of primary education expenditure has continuously been directed to teacher's salary and other administrative cost. Just before the FPE program, 98% of recurrent spending by MoE went to wages and salaries of staff depicted in the figure 4a. This is later confirmed in table A.4.2 where total MoEST expenditure as a percentage of government's main service spending as been increasing. But the percentage increase on the administrative cost is also high.

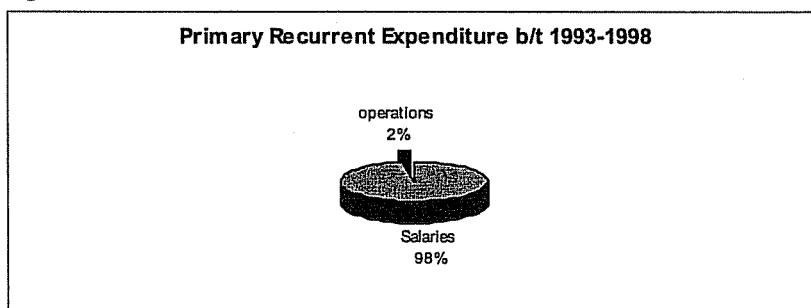
Table 4a: Recurrent expenditure on levels of education

Sub-sector	1997	1998	1999	2000	2001
Primary	55.60	58.31	55.98	57.75	57.76
Secondary	22.50	23.97	26.78	25.82	26.09
University	14.88	12.13	11.49	11.45	10.53
Teacher training	2.83	3.30	3.20	3.20	3.10
Others	4.19	2.29	2.55	1.78	2.52
Total	100	100	100	100	100

Source: MOEST (2003)

This particular state is not expected to immediately improve given the fact that the number of teachers increased with introduction of FPE. And those teachers were awarded salary increases, which the current government promised that they would implement those awards.

Figure 4a



Source: MOEST 2003

The above figure depicts a situation similar in a number of countries such as Uganda, Guinea and Malawi where salaries consume a large proportion of recurrent expenditures. (DFID, 2001)

¹³ It is also observed that before the introduction of FPE, education spending as a percentage of GDP had been relative high and increasing. As show in figure 4b and later Table A.4.1 to show that this increase was substantial with introduction of FPE from 6.62% in 2002 to 7.37 in 2004.¹⁴ Figure 4b extracted from table 4b shows that primary education expenditure as a percentage of GDP also increased from 0.43% in 2002 to 1.08% in 2003.

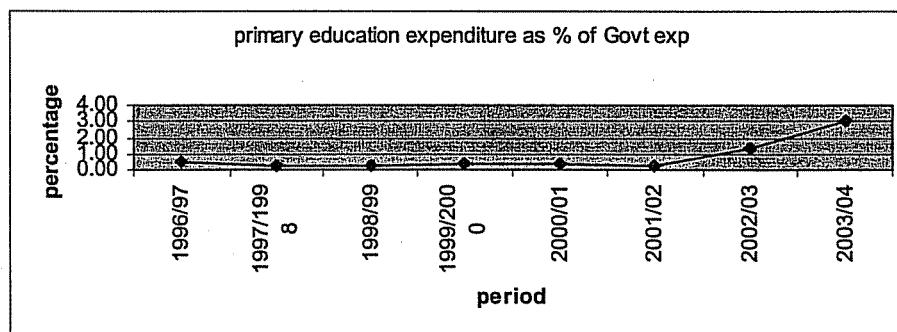


Figure 4b Source: own calculation based on PER, 2003 and various economic surveys

While before FPE, small percentage increases of less than 0.40% were observed but with FPE one observed an increase of over 0.50%. Though not all points can be attributed to FPE, this increase stands out among the normal rates as shown between 1996-2002. Therefore I can conclude that FPE adjusted the expenditure pattern at a higher rate upwards than the period without FPE. The table 4.b below further illustrates this where primary education spending as a percentage of government's main expenditure also increases substantially from 1.35% in 2002 to 3.03% after FPE in 2003. And that there is also a no substantially increase in both administrative and salaries used in education as a percentage of GDP.

¹³ Table 4b and figure 4b: primary education expenditure as a % of GDP is low because they exclude salaries and administrative cost.

¹⁴ These results may differ with other studies elsewhere due to sources of data, however the differences are not wide.

The average rate of primary education spending before FPE and salary awards is less than 1%, but implementation of the two reflects an increase in spending. The major concern to Kenyan citizens is that while education spending should be high, they feel that administrative and salary costs are unnecessarily higher than other spending in the education sector. And even with a decreasing MoEST spending in 1998-2000, primary education spending as a percentage of GDP still increased. Reflecting the importance the governments shows to primary education. Their highest spending percentage to GDP was recorded with implementation of FPE that lead to a GER of 103%. The paper asserts that such increase lead to reduction in spending to other sectors, despite the fact that those decreases might not be significant in the operations of those sectors. Hence even with the government overall expenditure cuts, education sector and particularly primary education sub sector still records increases in spending.

Percentage education expenditures on GDP

Table 4.b

	1996	1997	1998	1999	2000	2001	2002	2003
TOTAL. moest exp as % of GDP	5.94	7.07	6.73	6.49	6.42	6.14	6.62	7.37
Primary educ exp as % of GDP	0.15	0.09	0.08	0.10	0.13	0.10	0.43	1.08
Primary educ exp as % Govt main service	0.43	0.19	0.22	0.34	0.39	0.29	1.35	3.03
Education salary&administrative expenditure/GDP	4.50	5.72	5.38	5.33	5.05	5.18	5.31	5.22

source: own calculation based on Economic surveys and MoEST reports

Secondly, the average wage earning of other departments such as parastatals are higher than that of TSC. But the total wage payments of TSC as a percentage of total public sectors are higher than those departments. This could be due to the following reasons; the government is committed in satisfying teachers, the number of teachers is higher than other departments or it shows the level in which Kenya National Union of Teachers (KNUT) can influence the governments in remunerating the teachers. Whichever angle one choice to take, this reflects the importance KNUT attaches on their role in educating the population and also the government's recognition of that role. It is until late 90s that KNUT recognized their influence on the education sectors and Table A 4.2 reaffirms that the share of wage spending seems to have been decreasing until 2001 when more teachers were recruited, salaries awards were implemented and teachers housing allowance under the umbrella of TSC. All these accounted for 30.3% of total wage expenditure after FPE in 2002. One observes a reduction in TSC wage payments at 29.1% in the year after. These figures include the ghost workers and the paper doesn't attempt to segment such costs since there is no data readily available.

This study confirms that the central GoK is financially committed to increasing access to primary education as it plays a huge role in financing primary education. However more investments still need to be directed towards primary education, as percentage figures are still lower for primary education. And that the social service recurrent financial portion allocated by the government is directed to ministry of education is still high as shown in figure 4c. While education as a share of public expenditure stood at 20.23 % in 2003/4 fiscal year a figure, which is almost similar to the one, presented by Minister of education in an international forum in 2003.

This allocation is not feasible since their commitment is not fully directed on factors that would lead to improved enrollment. Instead teacher's remuneration seems to cover much of the ministerial expenditure.

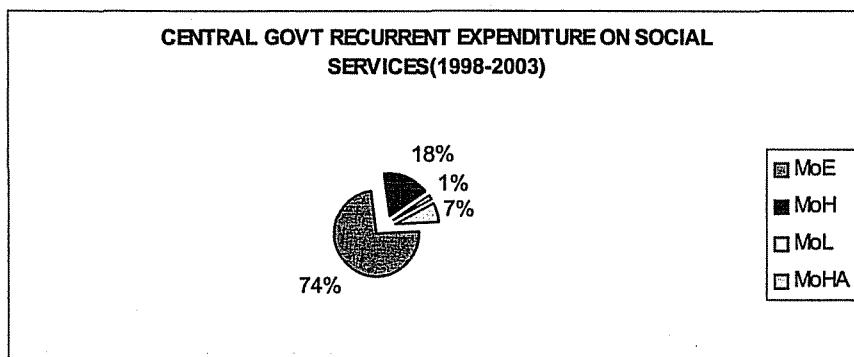


Figure 4c Source: own calculation from various economic surveys

The paper therefore concludes that the government is financially committed towards the success of FPE program shown by the proportion of expenditure directed to MoE. However this willingness cannot translate into meaningful or sustainable spending since a large portion is in fact directed on salaried teaching. While this will motivate teachers, little is known on how teacher's motivation will influence school enrollment despite the fact that teachers are the key instruments on teaching. The study also shows that while most of the government's recurrent expenditure is directed to MoE, less is allocated to development expenditure.

4.2 Short comings of this commitment.

In the past decade the limitation to this system has been enormous. For instance this paper recognizes that while teachers play an important role in transferring of knowledge. Their remuneration package in the recent past is considered the biggest cost factor in educational financing, besides persuading them to take position in "less desirable" areas since there is a lot

of resistance for deployment.¹⁵ On the financial commitments Abagi (1997b) and Okwany (2000) state that on average the bulk of 55 % of total recurrent expenditure estimated at 97% on basic education went to teacher's salaries between 1992-1997. A fact supported by figure 4c. According to them this implies that other programs were under funded and that households spend approximately 65% to cater for direct and indirect cost of education. In general about 31% of cost of primary education is accounted for by the household (Psacharopoulos, 1995) but Kenyans specification shows that approximately 21% of cost of primary education was taken care of by the household between 1996-2001. (MOEST, 2003)

To improve the situation of both enrollment and quality, donors such as the World Bank group consider that more textbook and instruction materials reflect quality restoration; strengthen examination system and greater investment in physical facilities (Brock-Utne, 2000). Unfortunately all this restoration requires financial support of which most countries lack. This is usually shown by low government revenue and expenditure as a percentage of GDP.¹⁶ (Gupta and Verhoeven, 2001). And that government's of developing countries should ensure that the limited funds allocated to education sector yields the highest impact (World Bank, 1988) The GDP and public expenditure trends in this paper demonstrate that education consumes a higher percentage of national production. While an increase in education expenditure could translate into more education resources. This study does not seem to observe that this increase was spent on teaching materials, provision of more textbooks and activities that would encourage children to attend school. Instead more was spent on the administration and teachers, which seems to be high but considered a normal trend in most of the countries. This is risky since schooling demand not only depend on teachers presence and motivation but also on issues like facilities available that would lead to improved exams performance. The situation is made even worse by the high number of primary school teachers yet more teachers are still needed.

The table A.4.1 also shows that the share of government recurrent social spending on MoE is far way larger than a number of departments. This can adversely affect provision of other social services, which are key to a nations output such as health. The Current trend provided in the paper shows that more focus is continuously being directed to the ministry of education

¹⁵ As said by one of the donors to a new agency- <http://www.africannewscast.com/regional%20News/Kenya> on 4th February 2004

¹⁶ However this doesn't necessarily lead to low education indicators especially if spending is efficient.

than any other ministry. With this kind of trend, one would expect that other social services that are also important to the nation such as health are not given adequate attention. In order to achieve that target, the governments ought to increase the resources available for this program. And that such an increase should be directed to items that would make parents attach much benefit to school attendance. It is this benefit that would encourage them to make a positive choice of educating their children.

While it is true that the Government of Kenya (GOK) has continuously played a bigger role in supporting primary education as shown by her education expenditure as percentage of gross national product of between 5-7% on average in 1990-2000 as reported by UNESCO statistical yearbook (1999) and confirmed in this paper in comparison to GDP. However this rises certain challenges on her ability to continue with this trend without negatively affect her overall expenditure, which will make provision of other essential social services unattainable. After FPE, 75.4 % of the government recurrent expenditure on social service was allocated to education sector. And that the results also shows that approximately 59% of the governments social expenditure after FPE was allocated to Education while other important services such as health recorded a reduction in both recurrent and development expenditure, as shown in Table A.4.1. This creates an imbalance within the sectoral expenditure and which will negatively affect the provision of other social services since other sectors receive less attention in terms of finances.

In regard to the volume of revenue generated, there seems to be an improvement in recurrent revenue collection, however this improvement does not balance of with the increase in recurrent expenditure. Revenue collected seems to have been short from the budgeted values, for instance as shown in table A.4.3 the recurrent revenue collected were approximately 13% less of the estimated revenue. This does not translate well with the overall distribution of financial resources. One observes a positive shift in 2003, to be 1.5% above the estimated revenue. Besides the government intention of cutting the recurrent expenditure is not well reflected in this paper. One observes that the government estimated expenditure was higher than the actual before FPE, and introduction of FPE is accompanied by increased expenditure of 1.5% on the expected revenue. And for Kenya, just as the just as many LDCs the major source of funds has come from the central government. They provide assistance through subsidies or grants in from taxation and donor community/financial institution such as World

Bank (Abagi, 1997a). This spending is often derived from budgetary allocation in each fiscal year. In cases where the actual revenue collected is below the estimated revenue to be collected one expects that the governments spending would reduce. But it is observed that in 2001, the government revenue collection fell short by 13.07% and their recurrent expenditure was higher than expected by 5%. It is therefore important to strengthen the revenue collection so as to cater for the governments unexpected spending. However, currently revenue collection is said to be improving and this will mean well for the overall government spending. Table A.4.3 confirms this improvement in revenue collection.

A positive trend worth mentioning is that the overall ratio of government expenditure to government revenue as been improving as shown in the table 4c. And that would enhance the government's ability to priorities on education. Less than one in this case shows that the government's expenditure is high, while greater than one shows high revenue collection.

Table 4.c Source: Calculation based African Development Report 2004

Ration of Government Expenditure to Revenue collection										
Period	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Revenue	103,250	125,312	145,558	150,384	173,783	196,257	184,103	192,313	210,759	233,951
Expenditure	135,828	144,353	150,576	169,772	184,359	206,366	181,154	231,098	245,000	235,079
Ratio	0.76	0.87	0.97	0.89	0.94	0.95	1.02	0.83	0.86	1.00

The government therefore is able to improve its chances of succeeding in implementing FPE if the above ratio exceeds one. And also that the amount collected is equally distributed depending on the countries priorities, not only with-in the government departments but effectively within the education sub-sector.

CHAPTER FIVE: Malawi education system

I use Malawi due to the following; there is a relevant contextual similarity between Malawi and Kenya that is rooted on the fact that FPE was an electoral issue that contributed to both governments victory. This was a political initiative that resulted in less time being directed to planning before the startup. Besides that, they both had a lower primary enrollment rates before introduction of FPE. Poverty levels are also high and therefore FPE helps in reducing the financial burden households have on purchasing basic knowledge. However one cannot fail to mention that difference observed in their population size, Gross Domestic Product, foreign debts and aid. These are issues that can indirectly or directly affect education sector, but that cannot prevent this paper from sharing lessons between the two countries.

Ever since Malawi gained independence in 1964 they have made significant changes in education system. For instance as shown by a shift on Education Development plan (1973-80) that placed more emphasis to tertiary and secondary school as compared to primary levels, to a strong emphasis on primary education as shown in Education Development plan (1980-1995). During the first period, the government's core objective was to fill the middle level jobs that had been left vacant by the colonist. However the main objective of the second plan was to increase accessibility, equality and relevance of primary education. A situation in terms of objective that has been maintained up-to date and the rationale behind this according to Kadzmaira and Rose (2001) has been due the importance of addressing the needs of the poor, particular from 1990s. This is true when one considers the population demand on school enrollment and acknowledges that school fees were a major constraint in this demand. (Burchfield & Kadzamira, 1996) And after 1994 general election the new government appreciated the key role played by pledging to abolish school fee towards their victory but also understand that its implementation was going to be useful in reducing poverty in Malawi.¹⁷

Primary enrollment levels increased with the abolition of school fee in 1994 and the upsurge was higher than 100% to-date as shown in table 5a and that on average the net enrollment rate (NER) between 1996-2002 stands at 100% while for Kenya in the same period stands at 69% (

¹⁷ Policy framework for poverty alleviation programme considers school fees among many other things, as a cause of poverty.

Unicef Report, 2004) this could explain the effect of FPE on the NER without providing details on quality of education.

Table 5.a: Enrollment trends after FPE

	1994	1995	1996	1997	1998	1999	2000	2001	2002
Primary (GER)	127	126.8	124.8	126.4	129.8	132.6	135.3	136	131.2

Source: World Bank Development Indicators (2003), UNESCO Report (2001) and Africa Development Indicators (2004)

The table shows that many children including over age ones were not in school before introduction of FPE. And a continuous GER of over 100 for almost 10 years reaffirms the need of continuing with FPE program so as to educate more people.

However this kind of success does not come without difficulties, even with increased financial support by the government and donors FPE still could not adequately ensure high quality education in schools (Kadzamira and Rose, 2001). Aspects involving quality of education emerges due increased pupils/teacher ratio, where education standards are lowered to encourage continuity in the system. Besides, the means to support the program was not automatic forthcoming, as such in practice, parents were expected to pay a substantial amount of education cost despite the fact that basic education was theoretically free. The governments therefore resorted to get more support from the donor community. This is later on shown by the higher percentage of grants in GDP. Under this condition, policy experts feared that a withdrawal of one of the key donors, would lead to a collapse of education sector in Malawi. (Bernbaum et al 1998) Besides high expenditure also had a negative budgetary implication since less resources were now available to other sectors in the economy. In Kenya with the introduction of FPE, the ministry of education recorded the highest expenditure in 2002/2003 of approximately 70% of total central government social sector expenditure and the Ministry of Health spent 20% (Economic survey, 2003). From this background, one cannot doubt that the system was faced with numerous challenges. The following section will mention some of those challenges relevant in the paper and how the country coped with those challenges.

5.1 Challenges facing FPE in Malawi

The program was initially implemented with less consultation, since it had excluded teachers, parents, local leaders and the civil society. Yet their inclusion was going to be useful not only in creating a positive image of the program (it was donor driven) but also in providing expertise advice to government at the drafting stage. Lack of consultation implies that the government had to use more resource on implementing the program since the community wasn't involved. Hence the basic shortcoming at the initial stage of implementation is lack of resource to cope with the increased enrollment, forcing the governments to depend on the donors. FPE therefore at the initial stages increased the government dependence level.

Secondly, while the abolition of school fees were consistent with poverty reduction objective of the government through economic growth and investing in human capital. It created over 1 million more students in primary schools. This led to an increase of teaching force by 75% that is about 20,000 new teachers. This meant that more pressure was therefore exerted on an already weak education system and on the government budget. This information is based on the World Bank (1995) which further asserts that most of the new recruiters where untrained school leavers, with about 4,000 retired teachers being recalled back to service. Hence at the initial stage one can conclude that quality of education was compromised in the hope of increasing education access to all eligible children. Recruiting untrained school leavers meant that the students wouldn't receive specialized training, a situation that affects the output and performance of students.

Thirdly, introduction of Free Primary Education in 1994 implied that the government had to reorganize it's already over stretch of budgetary allocation. Since the limited public resource was not sufficient enough to cater for the upsurge of primary school enrollment. The governments overall revenue pattern as a percentage of GDP seems relative lower in comparison to Kenya though they have a lower population. However, this raises doubt on either country effectiveness in implementing the program. Table 5b shows that Malawi at the initial stages had a lower revenue collection to GDP but this has been improving over time notably after five 5 years of FPE implementation.

Table 5.b

	Government Revenue(excluding grants)						As a % of GDP			
	1994	1995	1996	1997	1998	1999	2000	2001	2002	
Malawi	19.5	18.3	15.1	15.2	16.8	18.1	17.4	18.4	18.6	
Kenya	28.5	26.6	27.3	23.7	25.8	43.7	24	30.2	23.3	

source: African Development Report, 2004

However one notes from the same World Bank report (1995) that the public education recurrent expenditure in 1994/95 went up to about 7.5% of the G.D.P and that the portion allocated to education sector went to a record high of about 24% in 1994/95 as compared to 1988/89 at 8.7%. Such an increase did not solve the quality or quality constraints in education. Infact a worrying trend that emerged at the time was the declining in expenditure of quality enhancement items. For instance in 1990/91 non-salary education expenditure per pupil was 11.5% of recurrent expenditure in education, but with introduction of free primary education, the ratio went down to 3%. This is so because enrollment was not supported by increase in budgetary allocation from non-wage items. This implies that amount of money allocated from recurrent expenditure to salaried items increased and that spending to other items like providing meals in schools to encourage enrollment were reduced.

Fourthly, increased enrollment gave an indicative sign that it would result in overcrowded classrooms given the fact that most schools were ill prepared for this increase as they even had limited facilities before the program implementation, a situation that did not change after the FPE introduction. In the World Bank Report (1995), it is believed that the government needed to construct 38,000 new classrooms in order to have 60 pupils per classroom. This project would require a large amount of financial resources either from within the government or from the donor community in order to accomplish their goal. The challenge that emerges is the governments as to look for funds to support the project. This means that the governments had to adjust its development expenditure pattern upwards.

Lastly, gender inequality though not a main issue in this study emerges as one of the key challenges facing education sector in most of the developing countries like Malawi. The government's free primary education goal was to increase education access and also improve self-reliance in the population. Given this goal, one cannot ignore the role played by increasing the accessibility of girls to schools as a way of increasing the overall enrollment rates. This is true in a number of countries and researchers such Swainson et al, 1998 confirms that girls are

often associated with school drop outs with over half of enrolled girls, drop out of school during early primary grades just before attaining a full literacy level. Ensuring that that portion of female dropout is converted to continuous enrollment or attendance will go way towards increasing the overall accessibility levels. The same WBK report mentioned above, further shows that among the girls that remained in school, it took them 16 years to complete 8 years of primary education while the same program took boys just 13 years to complete.

Even when, school dropout are associated to fee payment, which includes uniforms, textbooks, learning material and tuition one cannot rule out the perception of low returns attached to girls, low test score in the final year of primary school especially for girls, repetition rates, early marriage and pregnancy which until recently would lead to expulsion from school as some of the challenges facing FPE. Gender issues therefore cannot and shouldn't be ignored for this program to succeed.

5.2 How does Malawi finance FPE?

The government's target, according World Bank report 1995 was to increase primary net enrollment rates (NER) to 90% in every district, reduce pupil teacher ration from 70:1 to 45:1 by 2005 and provision of text book to each child in the main area of study¹⁸. This was going to be achieved through higher budgetary allocation to education in particular primary education, also through involving the private sectors and the communities in constructions of schools and creating awareness on importance of girls going to school. The method used to finance primary education was therefore through involving donors, NGOs and any member of civil society that were interested in the governmental overall objective of increasing NER to 90% by 2005.

As a result of the shift in education priorities, education spending has covered 24% of the government recurrent expenditure making it the largest receipt of the government's recurrent expenditure. And 67% of that 24% receipt in 1997 was disbursed to primary education.

Table 5.c	Grant to the Government as a % of GDP									
	1994	1995	1996	1997	1998	1999	2000	2001	2002	
Malawi	12.1	8	4.5	3.5	6.2	6.5	9.3	7.1	6.8	
Kenya	2.8	1.3	1.3	1.4	1.4	1.3	1.1	3.8	1.7	

source: African Development Report, 2004

¹⁸ Mathematics and science were considered the main subjects to be taught.

(Kadzmaira and Rose 2001). This shows that the policy spending was more a pro-Poor than the previous one, which tended to favor the rich. (Castro-leal 1996). Given their low revenue collection as a percentage of GDP. The Government resorted to assistance from donors. The table 5c shows the overall government grants pattern after introduction of FPE in 1994. And it is clear from this table that at the beginning of the program, the government of Malawi depended more on donors as shown in grants GDP ratio of approximately 12%. Though these figures have been decreasing, it still shows that the FPE program in Malawi is a more donor driven than government intended policy.

The main priority of the new government had been directed to the social sectors. And that one interesting observation in the beginning of the programme is that most of the education expenditure was directed to training new teachers that were hired in free primary education policy. And this increased governments social sector expenditure at a time when there was need to control the overall government expenditure and also improves its revenue collection. The advantage of this spending is that while it accelerated government's expenditure, the long-term effect was to improve the quality of teaching. This would also translate into good performance. And even with this positive thinking, the governments was still expected to trim down its overall expenditure, among the ways used to control overall expenditure was a freeze on hiring temporary staff; reduce purchase of vehicles while revenue collection was improved by increasing efficiency of tax and tariff collection. This is confirmed from table 5a when Revenue collection as a percentage of GDP improved from 15.6% in 1996 to 18.6% in 2002. Other ways that were also used to confront financial constraints in education sector included increase cost recovery at post primary education level, choice of least-cost alternatives in project design and increases community involvement. In this case therefore one cannot rule out the importance of monetary resource, instead one should analyze how this financial resources can be sufficient in improving both enrollment and quality of primary education. This is important to understand because other resources other than finance may come handy in improving the success of the program.

As previous mentioned, the spending on government wages and salaries shoot up with the introduction of FPE. Table 5d shows the changes in wage and salaries spending since the program implementation. However, the spending increased in the first few years but started

decreasing until 2002 when more teachers were trained and therefore increases in salaries were visible. This is a sign that the government at the since 1997, recognized the need to spend on other items other than wages and salaries.

Table 5.d	Government expenditure on wages and salaries								
	1994	1995	1996	1997	1998	1999	2000	2001	2002
Malawi	18.3	22.7	19.6	23.5	17.4	16.7	15.9	17.4	20.9
Kenya	25.8	31.4	30.7	28.7	32	32	37.3	29.3	33.7

source: African Development Report, 2004

It is also useful to understand the manner in which the government of Malawi coped with overstretched and overcrowding schools yet they had limited facilities. They adopted programs that would provide an alternate solution to classroom study. Such as shell classroom construction and allowing the community to fill the shell. The incentive offered to the community to fill the shell was that the government was going to supply learning material and furniture to any new classroom in the districts. This was useful to the government as they were able to create ownership on the project to the community and also reduce their overall cost involved in expanding primary education. This also went towards reducing amount allocated to development expenditure and also reducing their dependence on donors to development expenditures, allowing them more allocation to recurrent expenditures. Besides this, the government of Malawi noted that enrollment rates were low in rural areas than urban. Hence the location of additional schools and their expansion were put into consideration when they were planning on how to solve overcrowding problems. They resorted to building or supporting programs that involved building more shell classrooms in the rural areas.

In terms of gender inequality, there has been a huge improvement. Particularly since projects that have enhanced girl's participation and performance were in existence. Keeping Gender issues in increasing attendance rate was vital since as indicated in the above challenges; more than half of those girls enroll in school never complete their education. Among the strategies adopted by the government was supporting a social mobilization campaign that would entice the girls to enroll in schools, especially through transform most parents negative view regarding sending their children to school. Existence of USAID's Girls Attainment in Basic Literacy and Education (GABLE)¹⁹ project also improved girl's participation despite the fact that it was introduced before the program. In this case the government used a donor agency to

¹⁹ GABLE was launched in 1991, at that time girls who didn't repeat a class received tuition waivers.

help it achieve its overall objective other than drawing money from the budget. So the government did not only reduce the gender disparity but it involved the civil society in achieving that goal.

Lastly, of importance to this paper is introduction of Medium Term Expenditure Framework (MTEF) and Poverty Reduction Strategy Papers (PRSPs). Under which more attention was paid to sectoral programs and spending. In the long run protecting the social sector despite expenditure cuts. This study therefore shows that incorporating FPE in MTEF and PRSPs is useful as it seeks to ensure that more funds are available for the program despite ad vocation of government's expenditure cuts by donors.

CHAPTER SIX: Policy recommendation

Policy remains an important tool that determines the direction of any government's decisions, in this case education outcome. This paper pays particular attention to the extent to which abolition of costs will effect the government's overall expenditure pattern and ability to increase school enrollments. The government's key issue involves maintaining a social contract with the electorate as promised before election, improving quality and developing capacity to sustain the program. The following sections provide the policy option the government can analyze and improve on to ensure that their objectives are realized.

Access:

This paper has shown that the demand for school did increase when direct costs such as tuition fees were eliminated. This confirms that in Kenya, both direct and indirect costs significantly affected primary school attendance. And that FPE led to an increase in school enrollment. Unfortunately I didn't notice any substantial change in the supply side since the number of schools remained relatively constant. It is important therefore to have a strategy that would combine elimination of user fees with restructuring of the education institution through expansion or building more schools. This can be made possible by increasing the development expenditure and foster partnership with civil society and donor community. Malawi government for instance asked the communities to fill the structures that the government had already constructed. This eliminated the chances of having overcrowded classrooms. It is in this respect that I reaffirm a recommendation that is similar from other studies that the government should involve stakeholders; this will go towards reducing the pressure exerted on the government as a result of limited resources and eventually lead to improvements in development expenditure.

Even with such shortcomings, the importance of increasing primary education access in any developing country like Kenya is still undisputed. Especially when limitation of fiscal resources may draw question on whether the government should focus on increasing access or on improving quality. The program shouldn't just be a matter of increasing enrollment, since a poor quality education to many children implies putting the country's limited resources into a waste. In order for the government to achieve its overall goal and thus benefit from it, they

need to ensure that FPE is not associated with bad quality education. There failure to do this would in the long run have a negative effect on the countries productivity and thus growth.

The study has shown that despite the fact that enrollment rate increased nationally, the same conclusion cannot be drawn when looking at provinces. Hence the government should provide solution that would increases education access to region with low enrollment rates such as Northeastern province, which has 25% after FPE. And though this is an increase from 17.8% in 2000 more needs to be done to increase that level. It is therefore right to say that increase in government education expenditure will improve the overall school attendance in Kenya if the spending is properly channeled. But that some disadvantaged region require more expenditure allocation than others.

Lastly, in terms of increasing access through household direct costs, the government can abolish uniforms as means of reducing the burden to parents. Though uniforms has its cons, support for its removal is based on the interest of eliminating any predicament that may prevent children from attending school. In some areas, children can hardly afford normal clothes, hence eliminating uniform requirement would reduce household's costs on schooling.

Financing

This paper doesn't test whether Economic stability such as GDP and public spending on education are related. However, the results have shown that education spending can increase even when the GDP is low in comparison to other nations. An aspect that depends on a particular government's priority. In Kenya, a large percentage of GDP has been allocated to education reflecting the government's commitment. Besides this, one needs to re-examine the proportion of national resource allocated to education and its sub-sectors. The paper has shown that a high percentage of spending is allocated to personnel cost such as wages and administration. Yet such spending does not directly lead to increased accessibility but on improving teacher's motivation. Unfortunately the government overall objective was to increase accessibility. In this case, more financial resource should be directed to items such as provision of textbooks, encouraging constructions of more schools. These are Items that will enhance enrollment rates and thus increase accessibility. Therefore efficiency will be visible when the spending bias from higher education and administrative and salary expenditure cease or reduce. However, this does not undermine the important role played by teachers.

While the study shows that FPE relieved most parents on the burden they had to carry on educating their children. On the other hand it has created more pressure on the government's income and expenditure accounts. As such, the government needs to assess education expenditure against education outcomes. This pressure should be welcomed if the above policy is effective since one can't ignore its effect on increasing education accessibility. But such spending should not exhaust governments social spending. More study should be devoted to finding out the effectiveness of this policy in Kenya. This is important because supporting a Policy that is not effective in achieving the actual purpose in which it is meant to serve would drain the government's resource. The period of implementation may be too short in this case for such an analysis. However the government can also use Malawi's example by adopting Poverty Reduction Strategy Papers (PRSPs) in sectoral financing. In this case they are able to channel Poverty reduction funds and activities to education sector. This will protect other social service sectors such as health from reduction in spendings and more or equal funding. The paper therefore proposes that the government effectively introduce education expenditure in their MTEF and PRS

The government should therefore explore ways to broaden the resources for education rather than rely on budgetary allocations. An example worth adopting from Malawi is the involvement in Donor community in projects such as GABLE, where girls are encouraged to attend school. This in the long run results into increased overall enrollment. A factor that reaffirms that involving the stakeholders is key towards reducing pressure.

In conclusion to the overall paper, it is clear that the government of Kenya is committed in ensuring that FPE succeed. But that it would be worthwhile if the government includes stakeholders including donors in facilitating the programs success. Kenya can also increase its income level through effective revenue collection which will go way towards reducing their chances depending on the donors. However, the governments should reorganize the manner in which it spends such revenue with a view of increasing expenditure to primary education.

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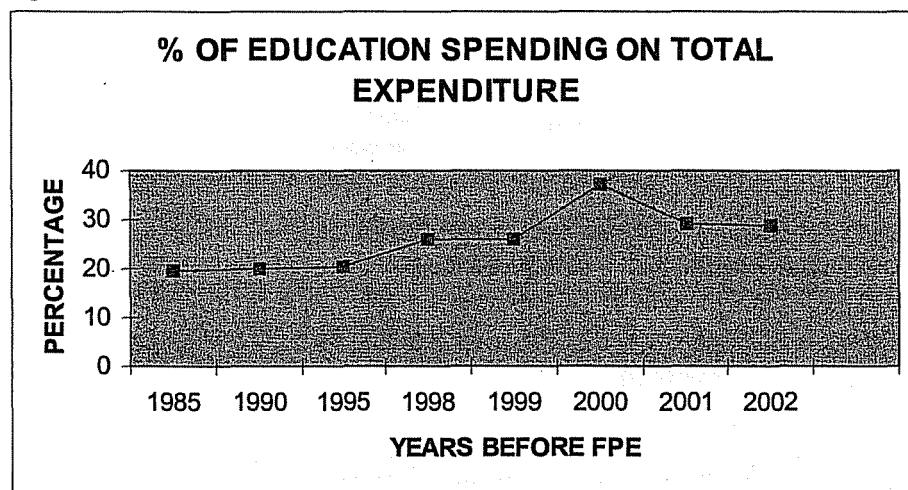
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Appendix

Figure A 1.0



Source: calculation based on Economic surveys

Figure A 2.1

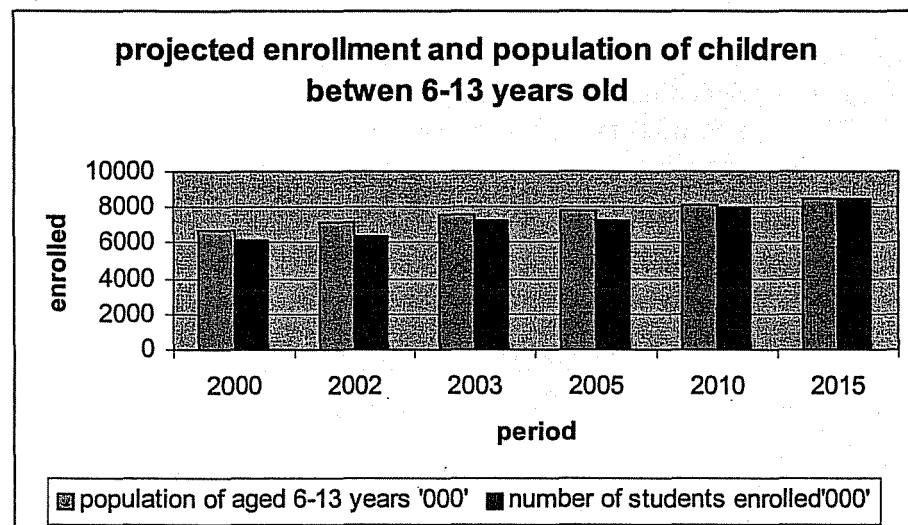
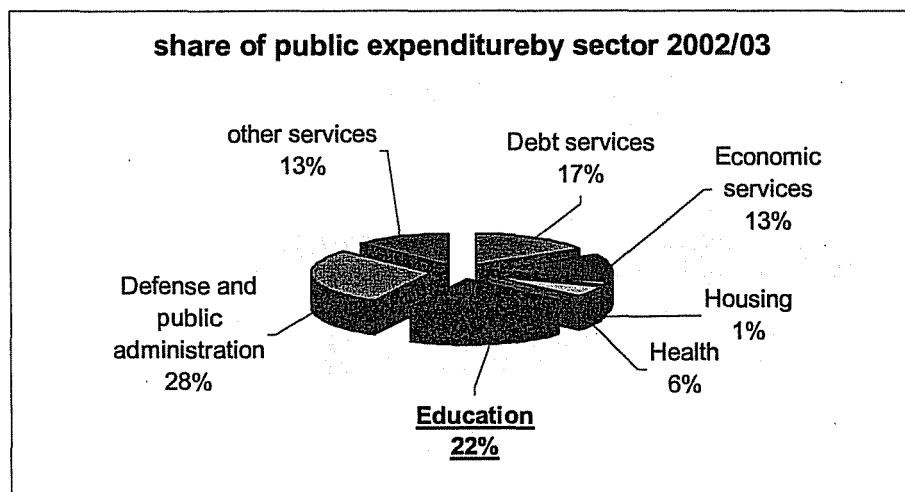


Figure A.2.2



Source: Calculation based on Public Expenditure Review (2004)

Table A.2.1

Year	Education spending as a % of GDP	Education Spending as a % of Total spending ²⁰	Total numbers of Enrolled. (In millions)	pupil teacher ration
1985	5.0	19.6	-	-
1990	5.5	19.9	-	-
1995	5.8	20.6	-	30.42
1998	6.9	25.9	5,919.6	31:1
1999	6.9	25.9	6,064.1	33:1
2000	6.2	37.1	6,175.6	35:1
2001	5.87	29.1	6,314.6	35:1
2002	6.47	28.7	6,371.2	36:1
2003	7.59	30.1	7,208.10	40:1
2004 ²¹			7304.948	

Source: own calculation based on IMF and World Bank, and Economic surveys, MOEST

²⁰ This may differ with other studies since the source of data used to calculate them are differ.

²¹ Projected values of enrollment growth rate of 1.345%

Table A.4.1: specific education percentage expenses

	1996	1997	1998	1999	2000	2001	2002	2003
Total GDP(ksh billion)	528.74	623.24	690.84	743.48	795.96	878.73	962.69	1091.64
1000	528740	623240	690840	743478	795960	878730	962686	1091640
Total GoK expenditure								
GoK main exp	182,586.20	315,037.60	243,337	223,643	268,431	307,715	304,063	388,552
%GoK main expenditure on GDP	34.53	50.55	35.22	30.08	33.72	35.02	31.58	35.59
Total MoEST	31,382.4	44,045.4	46,500.8	48,259.8	51,097.0	53,992.0	63,714.0	80,427.4
%MoEST expenditure on gdp	5.94	7.07	6.73	6.49	6.42	6.14	6.62	7.37
Total MoEST as a % of GoK	17.19	13.98	19.11	21.58	19.04	17.55	20.95	20.70
Education administrative expense as a % of GoK main service	13.00	11.32	15.20	17.71	14.81	14.47	16.13	14.36

SOURCE: own calculation based on economic surveys, MoEst Reports, UNESCO year book

TABLE A.4.2

total wage % expenditure in the public sector, 1998-2003

	1998	1999	2000	2001	2002	2003
Central Government	27.6	25.9	23.1	20.8	18.9	17.8
Teachers Service Commission	38.5	35.6	31.6	29.7	30.3	29.1
Parastatal Bodies	14.8	17.4	20.2	21.9	22.4	23.3
Majority Control by the public Sector	8.8	9.4	12.3	13.5	13.9	14.5
Local Government	10.3	11.8	12.8	14.2	14.5	15.3
Total	100	100	100	100	100	100.0

source: own calculation based on economic surveys

Table A.4.3

Recurrent Fiscal analysis trends 1999-2003

	1999	2000	2001	2002	2003
Recurrent Revenue B	188,846.40	200,337.71	216,118.33	223,056.05	233,859.19
A	184,550.77	185,055.16	187,863.79	210,797.84	237,369.08
	-4,295.63	-15,282.55	-28,254.54	-12,258.21	3,509.89
% of recurrent collected	-2.27	-7.63	-13.07	-5.50	1.50
Recurrent Expenditure B	244,141.80	270,038.55	269,988.87	292,715.54	233,859.19
A	206,571.40	235,065.96	283,484.56	272,287.62	237,369.70
	-37570.4	-34972.59	13495.69	-20427.92	3510.51
% of rec-expenditure used	-15.39	-12.95	5.00	-6.98	1.50

source: African Development Report, 2004

