



Corruption in the education sector

(pdf-version of Theme pages on www.U4.no)

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CORRUPTION IN THE EDUCATION SECTOR

The U4 theme page on Corruption in the Education sector provides essential resources about the challenges posed by corruption in the education sector with a focus on development co-operation and the implementation of aid projects. The pages have been developed by U4 based on research by Transparency International.

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1. INTRODUCTION

The education sector is the largest or second largest budget item in most countries, and opportunities for corrupt practices are numerous. It is difficult to measure the prevalence of corruption but it is fair to estimate that it is widespread in South and South East Asia, and endemic in many countries in the Balkans, the former Soviet Union and Africa.

Where corruption is rampant there is a great risk that social trust may wither away and that the development potential of whole countries may be undermined. Adolescents often become familiar with corruption at schools and universities. When this happens, a central role of the education sector - namely the imparting of ethical values and behaviour - becomes impossible, resulting in corruption becoming the norm at all levels of society.

Corruption takes various forms, some of which are not obvious

- Illegal charges levied on children's school admission forms which are supposed to be free.
- School places 'auctioned' out to the highest bidder.
- Children from certain communities favoured for admission, while others are subjected to extra payments.
- Good grades and exam passes obtained through bribes to teachers and public officials. The prices are often well known, and candidates can be expected to pay up-front.
- Examination results only released upon payment.
- Removing the consequences of failing exams by (re-)admitting students under false names.
- Embezzlement of funds intended for teaching materials, school buildings, etc.
- Sub-standard educational material purchased due to manufacturers' bribes, instructors' copyrights, etc.
- Schools monopolising meals and uniforms, resulting in low quality and high prices.
- Private tutoring outside school hours given to paying pupils, reducing teachers' motivation in ordinary classes, and reserving compulsory topics for the private sessions to the detriment of pupils who do not or cannot pay.
- School property used for private commercial purposes.
- Pupils carrying out unpaid labour for the benefit of the staff.
- Staff exploiting and abusing pupils in many different ways (physically, sexually, etc.).
- Teacher recruitment and postings influenced by bribes or sexual favours.
- Exam questions sold in advance.
- 'Ghost teachers' - salaries drawn for staff who are no longer (or never were) employed for various reasons (including having passed away). This affects de facto student-teacher ratios, and prevents unemployed teachers from taking vacant positions.

- High absenteeism, with severe effects on de facto student-teacher ratios.
 - Licences and authorisations for teaching obtained on false grounds via corrupt means.
 - Inflated student numbers (including numbers of special-needs pupils) quoted to obtain better funding.
 - Bribes to auditors for not disclosing the misuse of funds.
 - Embezzlement of funds raised by local NGOs and parents' organisations.
 - Politicians allocating resources to particular schools to gain support, especially during election times.
2. Decision-makers prefer hard investments (procurement, military hardware, large construction projects) instead of soft investments (e.g. the daily running costs of schools), because the former are more easily corrupted.
 3. Decision-making can be biased along ethnic lines and can go as far as political blackmail ("if you don't vote for me, you won't get the school").

Education represents the essence of a public good, but the above list pinpoints many problems of corruption that affect both the quality and equity dimensions, which are not easily separated.

The next two sections have more information on manifestations of corruption.

Corruption in education has severe consequences

- A high drop-out rate, which increases at high levels of poverty.
- Low quality teaching, leading to poor achievement.
- A system susceptible to adverse political, religious and ethnic influence.
- Deepened inequality between rich and poor, preventing entire generations from pursuing a meaningful future.

2. WHERE DOES CORRUPTION OCCUR?

Corruption in education occurs at the political, administrative (central and local), and classroom level. However, corruption is not the cause of all evils. What appears to be corruption may in fact be incompetence by key actors and/or inadequacies in the infrastructure they work under.

Corruption is a hidden transaction which the involved parties like to keep secret. The most widely condemned practices (e.g. kickbacks on government contracts) are also the most hidden, while more visible practices (e.g. forced private tutoring) tend to be more tolerated.

The examples below illustrate the fact that the further up the system corruption occurs, the harder it is to detect and to prosecute the perpetrators.

At policy level:

1. 1. Corruption afflicts the allocation of resources to the education budget, leaving the sector under-resourced.

At central ministry level:

1. Grand corruption involves the diversion of funds from procurement, construction, and the lower levels of the system.
2. Funds for educational institutions can be siphoned off at the administrative and political level by corrupt administrators, public officials and politicians even before they reach the schools.

At school and administrative level:

1. Money and supplies are diverted before reaching the schools.
2. Educators in the lower system may secure opportunities or avoid punishment through petty bribes.
3. Corruption in teacher recruitment and promotion lowers the quality of public teaching.
4. Parents may pay bribes to ensure their children's school access, good grades and graduation.
5. Ethnic or gender bias may occur to the disadvantage of certain pupils (e.g. the bypassing of objective student assessment criteria). This also constitutes an abuse of power, i.e. an act of corruption

In the late 1990s, it was reported from the Philippines that despite significant public expenditure on textbooks, only 16% of children actually received them. Education supplies were lost to payoffs, under-deliveries, and overpricing. Unsurprisingly, the textbooks were on sale at local markets.

This is a typical example of how corruption and leakage becomes more obvious the closer you get to the intended users of the resources.

3. COMMON FORMS OF CORRUPTION

The manifestations of corrupt practices repeat themselves across countries and regions. Lists of possible forms can help detect anomalies and to carry out in-depth analysis by using tracking surveys, audits, etc.

Planning and school management

Funding decisions

Decisions on government funding for new and existing schools are often taken outside the appropriate organs. Outcomes include unnecessary building of schools as projects are selected for purely personal and political reasons, disregarding real needs.

Procurement

Corruption in procurement affects the acquisition of educational material (curriculum development, textbooks, library stock, uniforms, etc), meals, buildings, and equipment. As sales levels are guaranteed in such acquisitions, bidders eagerly pay bribes to secure the infallibly high profits.

Where textbooks and supplies are monopolised by the state and bidding procedures are irregular, poor quality products become the norm and contracts are frequently secured by unprofessional agents.

In 2001, 25 million secondary level schoolchildren in Bangladesh started the school year without textbooks. When the textbooks were finally delivered, they were full of errors, yet they had to be purchased by pupils at a higher price than previously announced. A report card survey carried out by Transparency International Bangladesh revealed that students had to pay an additional Tk 670 million (approximately US\$ 12 million) due to the textbook crisis.

TI Bangladesh

School accreditation

The post-cold-war period has seen private teaching institu-

Low quality schools turn out students who are badly prepared for college, thus forcing parents to hire private tutors to ensure that their children pass the entrance exams. Often the most popular tutors are the same professors who sit on admissions committees of higher education institutions. As the examinations are oral the grading criteria are subjective, and “tutoring fees” therefore become de facto bribes.

Chronicle of Higher Education, 2002

tions and degree programmes mushroom. New institutions and degrees must be recognised through a system of accreditation traditionally managed by the relevant ministry. Private and public schools and institutes may bribe their way into getting these necessary authorisations, and corruption in accreditation is widespread. The results are potentially devastating as graduates with poor professional qualifications enter the labour market.

Student admissions and examinations

Admission

Entrance exam papers can be sold in advance to high-paying candidates. Oral examinations are even more open to corruption as evaluations are subjective and difficult to monitor. Corrupt practices often become the routine as candidates even know how much a “pass” costs, and are expected pay cash upfront. Favouritism and nepotism is also common.

Private tutoring

Supposedly free primary education becomes prohibitively expensive for poor families when the reality requires paying for private tutors in order to pass. Thus, private tutoring can exacerbate social inequalities, particularly when ordi-

“Public school teachers in Pakistan demand payment for each child in the form of “tuition”. If parents do not meet these payments [...], the teachers were reported to beat the student or submit a failing grade for him or her.”

The World Bank's Voices of the Poor survey

nary teachers provide paid supplementary tutoring after school hours for their regular pupils. In the worst of cases educators teach only parts of the curriculum during school hours, and force pupils to pay for the rest during private lessons.

Examinations

The examination system is central to institutions based on

In Georgia, professors are reported to hand out price lists for passing exams. Student can practically buy their way through education, paying for every exam and, ultimately, a diploma. Moreover, students can bypass the higher education system altogether by simply buying a diploma from an established university.

The World Bank's Voices of the Poor survey

meritocracy, and its fairness is crucial to ensuring quality outcomes in education. However, as is reported from India, cheating is so well established that when universities try to crack down on it, students protest and demand their traditional “right” to cheat. Other problems include beatings, or even killings, of conscientious staff members who attempt to work honestly, or on the other hand advance sales of exam questions and the fixing of final results.

Teacher management and professional conduct

Recruitment

As criteria for recruitment are repeatedly bypassed, unqualified personnel are often appointed. Placements in rural schools tend to be unpopular, especially among unmarried and female teachers, and can sometimes be avoided by bribing public officials. Skewed distributions of teacher postings can leave some schools overstaffed and others in crisis. Salaries paid to “ghost teachers” are a problem which worsens with a proliferation of rules and regulations:

In pre-civil war Liberia, the process of replacing teachers who had died or left teaching was highly complex and corrupt. New teachers needed 29 official signatures to get on the payroll. As a remedy, headmasters were allowed to appoint temporary substitutes who could cash the pay checks of the teachers they replaced. Principals quickly realised that they could cash these pay checks and keep the money without appointing new staff. A high incidence of “ghost teachers” resulted, and when district and central officials realised this, instead of trying to eliminate the practice they demanded a cut of the proceeds.

Champan

For promotion purposes candidates may bribe or otherwise influence promotion committees. Despite the rigid academic hierarchy in universities, senior academics often promote unqualified friends or colleagues to new positions.

Corruption also occurs in the allocation of loans and scholarships.

Teacher misconduct

Motivated and efficient teachers are crucial for quality in teaching. However, people in developing countries often complain of absent or abusive teachers and their demands for illegal fees. The proceeds from such fees, as well as other favours received as payment, are frequently for the private gain of educators. It is not uncommon to find pupils exploited as unpaid labour, drunk teachers in schools, sexual and physical abuse, or simply classes where no teaching is conducted at all.

A study of sexual violence in Botswana (2001) revealed that 67% of girls reported sexual harassment by teachers. 11% of the girls surveyed seriously considered dropping out of school due to harassment (despite the fact that Botswana provides 10 years of free education) and 10% consented to sexual relations for fear of reprisals on grades and performance records.

Teacher absenteeism is a serious and widespread problem in many countries. A survey of thousands of primary schools carried out by the World Bank in 2002/3 in seven developing countries found that teacher absenteeism ranged from 13% (in Peru) to 58% (in Indian states Assam and Bihar). In addition, many of those who were present at school did not carry out their duties.

Misuse of school property for private commercial purposes also constitutes corruption.

4. CAUSES OF CORRUPTION

It is analytically useful to adopt an approach which draws on different perspectives, e.g. incentives, opportunities and risks.

Simply put, corruption is very likely to occur where teachers receive little or no pay, where officials exercise financial discretion and power over the public, and where the risk of detection and severe punishment is low. We use this kind of analysis to group the different causes:

Economic factors - higher incentives for corruption

Inadequate, irregular, or delayed salaries often force teachers to seek supplementary income. As Voices of the Poor reports from Moldova, teachers have left their position in large numbers because they cannot survive on their salary alone. Those who remain manage by relying on subsistence farming or working extra shifts. In rural areas, teachers accept payments from parents in food or labour, and they buy textbooks and manuals from publishing houses and resell them to pupils.

This indicates that poverty is the main driver of corruption in the sector, but it can be the other way around: insufficient funding for schools and salaries may result directly from corruption and leakage further up the line.

In higher education, shortage of funds places universities under great pressure to admit students, leading to overcrowded facilities. Institutions experiencing “permanent poverty” in societies that offer few options for the highly educated are more exposed to the lures of academic corruption.

Donor imprudence - higher incentives for corruption

Donors and lenders risk flooding the education system with funds that bureaucracies cannot absorb responsibly. It is also important to note the special dynamic that evolves when mid- and low-level officials are tasked with implementing anti-corruption measures which emanate from the Minis-

try or the donor community. In such cases personnel may attempt to cut corners, ignore rules, and bypass standard procedures in order to move activities forward. Thus, the pressure to get results may create an environment conducive to corruption. Hence, what some regard as corruption is merely seen as effective project management by others.

A related problem arises when donors agree to pay government officials in order to “get things done”. Likewise, donors may pay project managers to obtain data which in any case should be publicly available. A continuation of such practices often results in a vicious circle where donors are prone to extortion from the partners and institutions they are working to support.

Lack of transparent regulations and criteria - higher opportunities for corruption

Without clear standards and regulations, the line between acceptable and unacceptable behaviour becomes blurred. Inadequate accreditation mechanisms for schools and higher education institutions further exacerbate the problem.

Social factors - lower risk incurred

Some cultural practices can aggravate the problem of corruption in the education sector. For instance the tradition of giving token gifts has in some places evolved into a practice of widespread extortion. There are sometimes strong links between social corruption and corruption in academia. Societies with weak norms of meritocracy are often prone to academic corruption. An example is where a person can receive a degree or get promoted purely on the basis of belonging to a certain group or family, without provoking any protest.

Lack of infrastructure - lower risk incurred

Poor road, railway and telephone links often prevent inspectors from visiting schools, resulting in teachers' misconduct and corrupt practices going unnoticed and unpunished.

Inadequate organisational structures and control mechanisms - higher opportunities for corruption and lower risk incurred

An absence of incentives for improved performance can stimulate corruption, as may a lack of mechanisms for control and punishment. This is the case in many transition countries where authoritarian and centralised systems hinder opportunities for professional growth, and a generally weak system makes it easy for staff to take inappropriate advantage of their positions.

At management level every effort is often made to maintain both discretionary powers and a cumbersome system awash with red tape, thus allowing corrupt practices to persist.

Inadequate human resources - lower risk incurred

Most administrators in schools are teachers, and they often lack the knowledge to analyse audits and financial information. Skill deficiencies are often prevalent at district, provincial and national levels, too.

Lack of community involvement and access to information - lower risk incurred

Parents who are - deliberately or unintentionally - not given the opportunity to involve themselves in establishing, overseeing and supporting a school may lose a sense of ownership. This makes it less likely that they will hold school staff accountable for the expected educational outcomes. Where crucial information is not given freely to parents, the resulting discouragement of their involvement may hinder them from demanding their children's rightful education.

5. WHAT CAN BE DONE?

Success stories of donor-led anti-corruption interventions in education are few and far between. However, experience has shown which measures are unlikely to produce results, and one failure has been to implement readymade technocratic solutions ignoring the complex nature of the problem. Furthermore, donors have experienced especially difficult local environments when attempting to bring about public sector reform.

Success stories often remain undocumented, but these pages present some interesting positive cases. If you know of any other examples, we urge you to tell U4 (u4@u4.no) about them so that more people can learn from the experience.

How to prepare for new measures

There are some basic principles that practitioners need to consider before designing anti-corruption interventions in tandem with domestic counterparts.

Sector-specific interventions have limited effect if they are not embedded in broader, integrated reform efforts involving large parts of the public sector.

It is crucial to have adequate data on the corruption problem in the sector. What are the causes? Where do leakages occur? If detailed information is lacking, diagnostic apprais-

als must be conducted. See the section on Public Expenditure Tracking Surveys (PETS).

Country dynamics and sector contexts must be kept in mind when formulating interventions. All research, programme design and implementation should take place in close cooperation with government counterparts. Otherwise the effects are unlikely to be sustainable.

A clear view of the government counterparts' mindset is important: to what degree do they respect the rule of law, encourage transparency, act against violations, and exhibit integrity in their own transactions?

Necessary factors for increasing accountability

Accountable education systems rely on laws promoting transparency, a free press, and an active civil society. Additionally, organisational structures and administrative procedures must be clear-cut and built on principles of accountability and transparency.

Necessary factors for success include:

- politically independent administrations
- clear-cut management rules and procedures
- clear standards and rules for merit-based teacher recruitment and promotion
- clear criteria for student admissions and examinations
- codes of conduct
- systems for monitoring compliance with rules and applying punitive measures in case of non-compliance
- rules on conflict of interest
- autonomous examination agencies
- involvement of parents, teachers, and civil society in planning and management
- access to information
- complaint mechanisms available for all interested parties (including rights for whistleblowers)
- internal and external control of accreditation boards for private institutions

Local stakeholder ownership

The education sector will not reform itself, thus efforts to support local stakeholders in their demands for accountability are important. This includes individuals who become targets of those reluctant to forego entrenched and profitable power.

Ownership must be built within the institution to ensure the sustainability of reform projects. This entails involving all parties in the planning and implementation stages. Whenever possible, projects should also have local leadership.

Examples of good practice

Education Management Information Systems (EMIS)

An Education Management Information System can monitor performance and enhance quality by countering the problem of inadequate information about activities in the education sector. It is used in many countries, and its overall purpose is to improve accountability for public spending, as well as understanding of school programmes and accomplishments. It provides information on the needs of school districts, including student performance and participation indicators.

In Gambia the introduction of EMIS provided an objective means of tracking and ranking teachers by seniority, language skills, specialisation, and other relevant factors for appointment. The information prevented appointments based on personal connections and other invalid grounds. (Department of State Education of Gambia 2001, in B. I. Spector et al. 2005)

Centralised university admissions

In Azerbaijan, a state student admissions committee was established following revelations of corruption in university admissions. By supervising all national university entry examinations and admissions the committee has reduced corruption considerably. (Chapman 2002)

Central vs. local administration

Decentralisation is often mentioned as a means of improving accountability and governance in education, making monitoring easier for local communities. However, this view is not supported by empirical studies, and by decentralising the administration of funds you also risk decentralising the opportunities for corruption.

Any decentralisation should be matched by equivalent downsizing of the administration at ministerial level, while ensuring sufficient staffing and training at local levels.

Privatisation and outsourcing

Privatising and outsourcing services such as transport, maintenance, canteens, etc, can sometimes prevent the negative price and quality effects of monopoly situations. However, this requires sound regulation of procurement and privatisation, to avoid creating new opportunities for corruption.

Codes of conduct

Clear codes of conduct for school staff are needed to ensure certain standards for professional ethics that are not directly covered by law. Codes must describe what constitutes corrupt practice, especially when proper professional conduct differs from otherwise widely accepted social norms. Gift giving may be appropriate outside the classroom, but not as a requisite for receiving education.

The effectiveness of codes depends on them being publicly known, respected at government and other top levels, and consistently enforced. Non-compliance must result in the loss of teaching licences.

Professional associations or unions are suitable sources of such codes, and the Declaration of Professional Ethics developed by the World Union of Teacher Associations "Education International" in 2001 is a good model.

Theft, misuse of funds and other illegal acts carried out by staff must be consistently dealt with by the courts to maintain respect for the rule of law.

Involvement of parents and civil society

An active citizenry which demands quality education and fair use of funds is crucial for the sustainability of reforms.

Through participation one can build the parents and students' sense of ownership necessary for holding administrators accountable. In El Salvador the EDUCO programme increased community involvement which had a positive effect on school performance, with a significant increase in primary school enrolment. Parent-teacher associations and community groups can play a vital role in improving school management.

Establishing complaint channels and counselling facilities can help bolster student participation and confidence. Suggestion boxes and anti-corruption committees are but a few possibilities.

Donors can offer training to enable people to act as local watchdogs ensuring that their educational rights are met. According to D. Chapman in B. I. Spector et al 2005, people need to know:

- the characteristics of an effective school
- what educator behaviours to look for when assessing their effectiveness
- the legal rights as parents and community members
- how to interpret financial information - school budgets, etc.
- how procedures and operational decisions work
- the sanctions they can bring to bear as community members

Report card appraisal

Public feedback, organised through civil society, can be a powerful tool for making social services more responsive and accountable. TI Bangladesh uses report cards to draw attention to perceived problems in the delivery of services. Report cards are filled in by users of public services and subsequently analysed. The results are made available to Committees of Concerned Citizens, who then exert pressure for change on the basis of the findings.

The World Bank piloted a report card project in the Philippines to seek feedback on selected government services, one of which was elementary education. Through the survey citizens had a say in the quality and affordability of education, and revealed their awareness of, and access to, education.

Lobbying for change through NGOs

In Russia, schools request money from parents using a number of excuses. Such practices are not legal, but parents pay out of fear that their children will otherwise face retribution. Neither the funds themselves nor their use is subsequently accounted for. With small grants to NGOs in Samara and Tomsk actions were taken to work with parents and school districts to improve the transparency of budget planning and expenditure, and to increase parents' influence over the process. The aim was achieved successfully through intensive lobbying of school administrations. (Management Systems International 2003)

Access to information

As a prerequisite for participation the public must have access to updated and accurate information on financial and statistical data for the transfer of funds to schools, the allocation of positions, school meals, the purchase of books/stationery, etc. This includes having regular access to an up-to-date and accurate list of teachers, preventing cases of ghost teachers and excessive absenteeism. The resulting increase in transparency will enable the public to monitor and compare actual expenditure against policy statements.

All the factors and examples listed on this page are dependent on underlying favourable economic and political conditions which support reform. Often the first barrier to climb is the entrenched belief that the problem of corruption is too colossal to confront, but working to change this mindset can yield extraordinary results.

6. SALARIES

The purpose of this section is to:

- discuss how public sector employees' wages can be used as a policy tool for eliminating corruption in education,
- look at the existing literature on links between teacher misconduct and academic fraud and the levels of salaries of teachers, and
- discuss the role of development projects in this context.

Pay reform in the context of civil service reform

The relationship between pay and corruption in the education sector needs to be seen in the context of broader civil service pay reform. This is because public salaries in the education sector are generally ruled by fairly rigid civil service codes that make it legally and politically difficult to change salaries for teachers and administrative personnel without changing salaries for everyone else in the public service. In countries where private providers are contracted to provide public services, payment mechanisms and fees are the relevant policy instruments for addressing corruption rather than salaries.

Civil service reform has been an accompanying component of structural adjustment programmes in the last couple of decades. In a 1994 report the World Bank argues that low pay has been a major issue in the reform of public services in most countries.

It is noted that reform of civil service pay is especially vital for the rehabilitation of Government, particularly in terms of realising improvements in capacity and the delivery of public goods and services. The latest contribution to analysing civil service reform, the World Development Report (WDR) published in 2004, however, does not mention pay reform. Perhaps one reason for its omission is the difficult and highly political nature of the issue, on which the Bank does not want to voice an opinion.

There has, however, been an ongoing debate between donors and within the DAC Governance network on the subject of pay reform during the last couple of years.

At a meeting between bilateral donors and representatives of five African countries in London (2002) the successes and failures of the reform efforts and the impact of outcomes were discussed. Among the emerging features were the need to:

- reduce overstaffing
- address low pay
- improve service delivery, and
- bolster morale in the civil service.

The lack of political support was identified as one of the main constraints.

At a meeting organised by the DAC/OECD Governance network group in Oslo in June 2004 a draft report on “Pay Policies in Sub-Saharan African” was discussed. The report covers eight countries and offers a useful definition of “pay” that includes four different elements: salary, retirement or post-employment benefits, allowances and in-kind benefits. It observes that in general an increasing usage of allowances and in-kind benefits to pay public service staff in these countries often indicated a budding crisis in the management of pay policies and practices.

It is tempting to pursue an education strategy that is focused solely on improving access and quality. However, the root causes of the grave state of Albania’s education system are its financing, governance, management, and accountability. Past experience with the sector has shown that a failure to improve these dimensions condemns efforts to improve inputs to the teaching and learning process... to contain costs while adjusting to declining enrolments, the education sector in the 1990s allowed teachers’ salaries to deteriorate and reduced the number of teachers, the number of classes, and the number of schools. There is little room to reduce these costs further.

*Albania’s Education Sector: Problems and Promise
Discussion Paper by Sue E. Berryman, May 2000*

The importance of salaries in fighting corruption

As is evidenced in the paragraph above the situation in the education sector has gone through a difficult period. In this example it is Albania but the same applies to many other countries in East, Central and South-eastern Europe, Africa, Asia and Latin America. Deteriorating salaries have in many cases been an accompanying effect.

The importance of adequate remuneration to ensure an honest civil service is widely recognised in the international discourse on civil service and pay reform. In the academic discussion of the importance of salaries in fighting corruption the following main lines of argument can be found:

- The higher the relative salaries in the public sector, the more an official loses if he is caught in corruption activities. Officials getting caught are usually expelled from the public sector and forced to work in the private sector.
- Low salaries in the public service attract only incompetent or even dishonest applicants, which results in an inefficient and non-transparent corrupt administration.
- When government positions are paid less than comparable other jobs, the moral costs of corruption are reduced. Poorly paid public officials might find it less reprehensible to accept bribes than officials receiving a comparatively fair salary.

Most researchers see salary increases as a necessary but not sufficient condition for reducing corruption. According to Rafael Di Tella, raising wages is possible primarily at the very low level of bureaucracy. Once subsistence levels are guaranteed, high wages will deter corruption only if officials are audited.

Findings by Di Tella and Schargrodsy from a Buenos Aires study confirm that the degree of audit intensity is crucial for the effectiveness of anti-corruption wage policies. The main challenge is to sustain a high level of auditing over time. Exposing acts of corruption may be a positive move for a new government but exposing corruption can become damaging in the long run, indicating failures and mismanagement of public funds.

A main cause of corruption is still attributed by all those interviewed to low salaries and delay in payment of salaries. This is however coupled with other factors that include the need for politicians to recoup election expenses when they get into power and profiteering by some from situations of insecurity. It was also clear from participatory community appraisals that there is a climate of tolerance towards corruption that is difficult to combat. Those who have built houses with large amounts of embezzled monies are viewed as successful achievers. There is also an attitude of sympathy towards those who augment meagre wages with small bribes, while the misuse of official resources such as vehicles for private purposes is seen as the norm rather than a breach of regulations.

*Uganda Inspectorate of Government
Second National Integrity Survey, Final Report March 2003¹*

¹ http://www.igg.go.ug/pdfs/Final_Integrity_Report.pdf

Daniel Kaufman and his colleagues at the World Bank Institute, however, argue against the importance of salaries in fighting corruption. They believe that undue emphasis may have been given in previous work to a number of conventional public sector management variables such as civil servants’ wages, internal enforcement of rules etc. They are of the opinion that more attention should be given to external variables such as external voice (public participation and scrutiny) and transparency.

Studies of absenteeism in the health and education sectors also question the importance of higher pay to reducing absenteeism among public servants. What seem to be more important are a) more frequent inspections, b) an improved work environment, and c) measures to increase accessibility such as nearby housing or good transportation.

In a comment on the report on “Pay Policies in Sub-Saharan Africa” an additional dimension is highlighted. “Technical solutions to public sector service pay policy without due attention to a country’s political context are not sustainable”. Therefore donors are recommended to take the following factors into consideration:

- political will versus political feasibility
- political priorities

- trade unions as stakeholders
- donors as political actors.

In the discussions it was noted that donors need to be more observant on their preferences, policies and influences over the character of pay reform. One particular aspect of donor assistance which has drawn criticism is the establishment of Project Implementation Units (PIU). Civil servants in the PIUs are normally far better paid than their colleagues, and this can breed discontent and low morale among the latter.

This problem is also mentioned in the WDR 2004: “Advocates of project implementation units recognise that the arrangements can undermine local capacity building, create salary distortions, and weaken the compact between policymaker and the provider organisation”. Whether or not PIUs induce corruption through the demotivation of staff can probably only be judged country by country and project by project.

The problems in the education sector

Low salaries

Low salaries in the education sector are seen to contribute to the following corrupt practices:

Level of activity	Type of behaviour
Central Ministry	Requiring payment for services that should be free Bribes/kickbacks Selling/leakages of examination papers
Region/district	Selling of educational material/books/supplies (food)
School	Ghost teachers Diversion of school fees and other financial contributions Imposition of unauthorised fees Selling advance information of examinations
Classroom	Selling school supplies Selling grades Private tutoring Absenteeism

When teachers sell grades or require students to pay for private tutoring, most observers recognise it as corruption. But it is tolerated because everyone understands that it is necessary to survive. Their corruption may be interpreted by some as a reasonable adaptive response to a difficult situation. In some instances it is even tolerated by government, which sees it as the only way to maintain the number of teachers and the quality of teaching.

Budget constraints in many developing countries make it difficult to raise salaries for teachers. Increasing salaries may also not be enough to break the vicious circle:

Low salary > low motivation > corruption and low learning outcome.

Other important elements include social responsibility, self-realisation, and access to training, teaching materials, professional satisfaction and prestige.

Budget constraints can be aggravated by inefficient use of resources. According to WDR 2004 too great a share of the educational budgets of developing countries goes to higher levels of education. Another problem is directly related to the fact that even at very low wages, the salary costs crowd out all other inputs. Many countries allocate more than 90% of the education budget to salaries.

The WDR 2004 also refers to empirical studies showing that increases in teacher salaries have little or no association with learning outcomes. This is not directly linked with corruption but is an effect of the low budget allocations for teaching materials and/or improved school facilities.

Asked if they like primary school, the children who manage to get there usually say “yes”. But their eyes darken as they start to talk about the “daily demand for money for invisible things” in exchange for an education.

CIET International

In addressing the problem of salaries and corruption in the education sector it is helpful to look at the various stakeholders, including teachers, students and parents. Even if there are very few studies of teacher job satisfaction in developing countries, studies available show that what attracts people to the teaching profession is its degree of autonomy, job security and respect. Involving teachers in the fight against corruption through their unions and professional codes of conduct therefore seems to be a reasonable way to go, in parallel to discussions on salaries.

One telling example is Education International (EI), a Global Union Federation with more than 300 member organisations in 159 countries. In total these organisations have a membership of 26 million teachers and education employees. At its fourth World Congress, held in Porto Alegre, Brazil in July 2004, EI discussed a draft resolution on the role of education in combating mismanagement and corruption:

...Considers that a precondition for successfully combating corrupt practices among teaching staff, head teachers and education workers in general is the provision of adequate salaries enabling all education personnel to make a decent living from their regular work; Considers that mismanagement and corruption in the education sector can be eradicated or significantly reduced through a genuine social dialogue involving, in particular, teachers' and parents' unions...

*Education International
Draft Resolution On the Role of
Education in Combating Mismanagement and Corruption,
proposed by the Executive Board, July 2004*

Academic fraud

Public examinations in developing countries play a critical role in the selection of students for participation in the education system. Examination corruption has become a business in some countries and individuals and groups engage in malpractice for monetary gain. According to the International Institute for Educational Planning (IIEP) academic fraud seems to be on the increase across the world. The existing literature looks primarily at the role of students in committing fraud. While greed is indicated as one major cause of academic fraud it is rarely linked to the issue of low salaries.

Project examples and some lessons learned

The issue of salaries has been addressed by donors in various ways, firstly through their support for civil service reform processes, secondly through direct support to pay reform programmes and individual key government departments. U4 donor support to these programmes can be found in the project database. Below is a selection of general civil service reform approaches:

- Civil Service Reform and Retrenchment, DFID, 2000, in Kenya includes a study on pay policy.¹

The Government now wishes to refocus the civil service reform and to increase the pace of implementation in order to achieve better control of the wage bill, to further improve the balance of spending between operations and maintenance spending and to promote improvements to service delivery. A medium term strategy will therefore be developed which addresses issues such as controlling the future size of the civil service; the development of realistic and affordable targets for the wage bill and for pay reform; concentration of Government on core priority func-

¹ <http://www.u4.no/projects/project.cfm?id=368>

tions and the divestment or abolition of low priority and redundant activities; improving performance and building capacity to enhance service delivery. (U4 project database)

- Payroll management and establishment control project², DFID, 2000-2003, in Zambia is aiming at reducing opportunities for corruption, and releasing recurrent resources to boost operational budgets.
- Uganda Public Service Reform 2002³, DFID, 2002-2003. The project has led to rationalised pay structures, monetised allowances and increased pay levels by around 100%.
- Personnel Controls and Information Systems Project, phase 2⁴, DFID, 1988-2003, in Tanzania. The purpose is to generate cost savings to enhance payroll and to support the improved delivery of public services.

Examples of donor support in the education sector of relevance for salaries and corruption:

- Integration of Teachers' Voices into the Education for All in Cambodia: Teacher status, social dialogue and the education sector (ILO commissioned report by Pact Cambodia, January 2004)

This report was commissioned by ILO's Sectoral Activities Programme to review teachers' status and social dialogue in Cambodia within the framework of the Education for All programme. Problems in the implementation of the government's education plan were identified as including the slow release of funds, questionable data, and corruption, high student/teacher ratios, lack of a forum for resolving complaints and resolving complaints, fear of being penalised for refusing to relocate to remote areas, and low salaries. The report concludes that teacher-government collaboration through social dialogue would increase the commitment and support of teachers in achieving aggressive objectives in the education sector. It is therefore recommended that the legitimacy of teachers' organisation should be enhanced through a broad-based rights agenda for teachers.

Fitri lives in a one-room hut with her husband and two children. Her husband barely earns money to meet the family's basic needs. There is no room for extra expenses; if any arise Fitri has to borrow money from the neighbourhood association. At the primary school of Fitri's eldest daughter, 21 June 2001 was report card day. Fitri had looked forward to this day but when she arrived at school, the teacher informed her that the parent of another student had just passed away and that the other parents should contribute money to support the child. The teacher insisted that the amount of Rp 20,000 (about US\$2) had to be paid before she would hand out the report cards.

Puzzled, Fitri went to the principal's office to ask for an explanation. The principal admitted that no parent had died but refused to exempt her from paying, saying it was the teacher's business. Fitri had no choice but to go back to the teacher. Grudgingly, she handed the teacher Rp 10,000 saying she could not give more since her husband had not yet received his salary. The teacher snatched the money from Fitri's hand, but she still wouldn't hand over the report card. Fitri gave the teacher another Rp 5,000 for 'pencil money'. Only then did the teacher release the report card, but with a smile that frustrated and angered Fitri even more.

Teggemann, Stefanie

The poor speak up: corruption stories from Indonesia in Global Corruption Report 2003, page 143. (Slightly edited)

7. BUDGET TRANSPARENCY

Budget transparency is defined as "full disclosure of all relevant fiscal information in a timely and systematic manner" in the OECD Best Practices for Budget Transparency.

Budget transparency in the education sector has to be seen in the broader context of public sector reform. Little research and few tools on budget transparency deal exclusively with the education sector; thus, this input is based on broader social sector research and tools.

Transparency - a prerequisite for public participation and accountability

Achieving Universal Primary Education (UPE) by the year 2015 is the second Millennium Development Goal. Donors have pledged support to the UPE goals and aid-recipient countries have incorporated them in national Poverty Reduction Strategies (PRS). Foreign donors currently support basic education with US\$ 1.5 billion per year. For example, in Uganda in 2003 almost half of the funds available

2 <http://www.u4.no/projects/project.cfm?id=295>

3 <http://www.u4.no/projects/project.cfm?id=303>

4 <http://www.u4.no/projects/project.cfm?id=479>

through the Poverty Action Fund (PAF, consisting of Highly Indebted Poor Country - HIPC - and other grants) was allocated to primary education. The education budget actually represents the largest (or second largest) component of public expenditure in most countries.

But are those funds spent on the intended purposes? Does leakage of significant parts of allocated resources not pose a serious threat to achieving the intended educational results?

Opaque budget processes, off-budget activities (i.e. outside the formal budget), weak and poorly managed expenditure systems and a lack of public control provide manifold opportunities for corruption. As a result of a lack of financial accountability in public spending on education, resources disappear. The quality of education suffers. Students drop out of school and, if they stay, they do not learn much.

Open and democratic societies require an informed citizenry, public participation and governing processes that are transparent.

Transparency is an important means of achieving participation and democratic control of budgetary processes - it allows an engaged and informed citizenry to have input into the budget process, and to monitor whether policies and political commitments have indeed been translated into action.

Parents who do not know that the government has released funds for textbooks for their children are less likely to hold public education officials accountable than those who are informed.

Transparency Standards

Regulation for budget transparency exists on national and international levels, and applies to the education sector as well as to other sectors. Many developing and transition countries have legislated, and maybe to a lesser degree provided, greater availability of budget information in recent years.

The IMF Code of Good Practices on Fiscal Transparency⁵, developed in the context of the collapse of the Asian financial system and adopted in 1998, provides a coherent framework to assess the transparency of public finances, to identify priorities for reform, and to monitor progress. It defines:

- (i) clarity of roles and responsibilities in public finance,
- (ii) public availability of information,
- (iii) open budget preparation, execution and reporting, and

(iv) independent assurances of integrity (external audit).

The IMF also issues country reports on fiscal transparency ("Report on the Observance of Standards and Codes" ROSC) that measure country performance against the IMF Code. The OECD has developed "Best Practice on Budget Transparency" (2001) that also provides a benchmark for government performance. On the national level, some countries have enacted specific regulations for fiscal transparency.

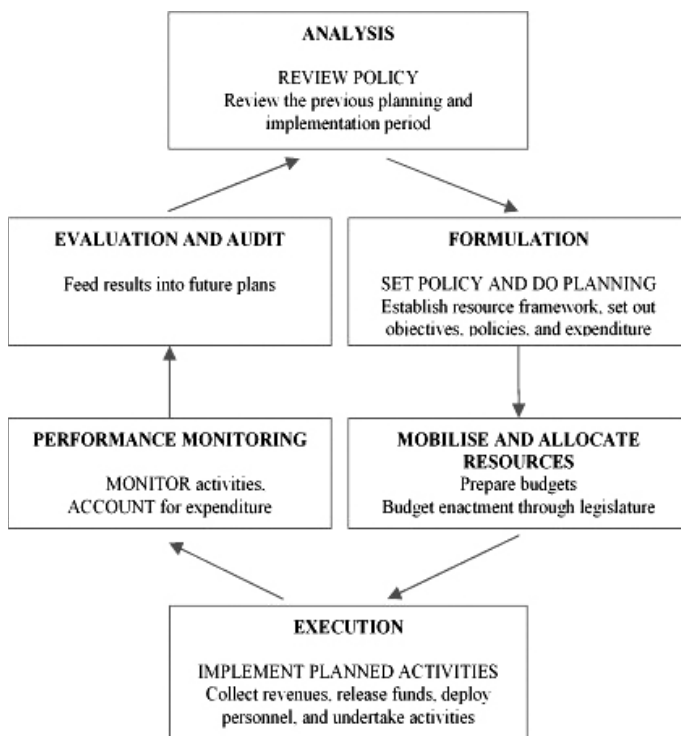
Opportunities for corruption in the budget process

1. The budget cycle

Breaking down the budget process into consecutive stages makes it easier to understand the various steps of the budget cycle:

1. The cycle starts with the government's policy perspective, including an analysis of the previous fiscal year, the setting of priorities, and estimates of income.
2. It is followed by the government's budget formulation, including setting the resource framework, objectives and priorities.
3. Upon enactment through the legislature, the budget is actually executed (or implemented) during the fiscal year: Revenues are collected, funds released, personnel deployed, and the planned activities are carried out.
4. The budget cycle ends with the monitoring and evaluation of achievements: Expenditures are accounted for, the achievement of targets is measured, and the audit institutions provide their feedback to the legislature. Their information is used to analyse and formulate next year's budget. The figure below illustrates the various stages of the budget cycle.

5 <http://www.u4.no/projects/project.cfm?id=479>



2. The budget formulation process

The budget is the main policy instrument of the government. However, policy objectives and priorities often do not find expression in annual budgets. For example, even though government policy documents may pledge adherence to the UPE goals, sectors like defence and large infrastructure projects often receive a disproportionate share of the budget because they provide more opportunity for kickbacks and pay-offs for politicians. Distortions also occur in budget revision processes: The education budget (as part of the social sector) is usually more affected by reversals of budget allocation decisions than, for example, interest payments and programmes with a high political profile. Stated priority issues are often the first to lose funding, whereas others, such as state residences and defence, receive their full amount.

Secondly, within the education budget, reversals and changes (as a consequence of corruption) frequently affect non-wage expenditures, e.g. learning material and school maintenance. In contrast, salaries that represent on average 80% of the overall education budget are less likely to be cut. While it may be difficult to decrease spending on salaries, it is obvious that a shortage of textbooks and stationery and poor school infrastructure provide a disincentive for parents to send their children to school, and have a negative impact on enrolment rates.

Thirdly, within the education budget, there may be distortions between sub-sectors of education. Disproportionate funding may be allocated to post-primary education, which is more expensive than primary education, and benefits the elite. However, it is the primary education sector which

ought to receive the bulk of the budget, especially in the context of the UPE goals.

Also, budgets are frequently built on unrealistic estimates, either over- or underestimating tax income, which makes it difficult to understand and act on a budget proposal. A comprehensive budget analysis therefore needs to look at both the revenue and the expenditure side of the budget.

All these distortions and manipulations of the budget can constitute acts of corruption in that they favour the political and economic elite of a country.

Another problem in the budget formulation process is that significant parts of resources may not appear in the budget: they are off-budget. This is often a consequence of donors that do not trust a country's financial management system, and that often compete for projects. As a consequence, substantial components of education expenditure may simply fail to appear in the government's budget. Education ministries may also prefer not to disclose donors' project grants and internally generated funds because they fear that these may decrease their share of government funds. While off-budget activities may make financial accounting easier for donors, they are detrimental to a country's culture of accountability in that they create non-transparent, parallel systems that make comprehensive budget analysis and monitoring of expenditures difficult.

There are many challenges to the construction of a realistic and sound budget. Particularly important in the context of development aid is the unpredictability of resource flows. Planning of education budgets as a long-term endeavour needs to be based on sound and realistic projections.

3. Budget execution and evaluation

Once the budget has been approved by the legislature, the executive has to ensure that it is implemented in line with what was enacted into law. However, in many countries budget management systems are so poor that it is difficult for the executive to monitor how resources are spent. Often, the system of accounting and budget controls is in such a poor state that it is almost impossible to monitor spending, even for authorising education officers. Financial information on expenditure is frequently late, often incomprehensible and inaccurate. To gauge the extent to which public resources actually filter down to the school level, researchers frequently have to carry out field surveys - the public accounting system simply does not produce or provide this information. Crucial data are often non-existent, and the data that are available are plagued by problems of timeliness, accessibility and frequency. Lack of access to accurate budget information makes it virtually impossible in many countries to check public expenditure in education.

In Azerbaijan,[...] the budget document is published as soon as it is accepted by parliament. However, there are only a limited number printed, available only in the Ministry of Economic Development, and only in the capital. These documents are often not accessible to ordinary people as they contain many figures and nobody understands their meaning.[...] (T)o get the real figures one needs to know people in the ministries, access them through the back door.

Oxfam, 2004

In practice, budgets are not always implemented in the exact form in which they were approved. Funding levels in the budget are not adhered to and authorised funds are not spent for their intended purposes. These practices are not necessarily corrupt. However, if, for example, trips abroad for high-level public officials are well over budget, whereas the budget allocated for recurrent charges, such as supplies, is not spent, then corrupt behaviour of public officials may have played a role. As a consequence, children may have to do without textbooks, and stationery may be missing in the schools.

Once the fiscal year is over, the public (and the legislature which represents the public) should be able to measure whether public resources have been spent effectively. Again, this is often hampered by delays in providing information and a lack of access. Even when data and statistics are accessible in time, they may be inappropriate, faulty and organised in a way (e.g. aggregated) that readers cannot draw any conclusions from them.

Also, if control institutions such as audit courts and parliamentary budget committees lack independence and resources, this may impact on the quality of audit reports, which in turn will make it difficult for the public to evaluate the budget.

Measures to promote budget transparency

Obviously, if the budget were open to public and effective legislative scrutiny, there would be less scope for deviation from policy decisions and reversal of budget allocations. There would probably be fewer distortions between the sub-sectors, and the ruling elite would be less likely to manipulate the budget. Budget transparency, while not a goal in itself, is a prerequisite for public participation and accountability: a budget that is not transparent, accessible and accurate cannot be properly analysed. Its implementation also cannot be thoroughly monitored, nor its outcomes evaluated. There are a variety of measures and tools that enhance budget transparency; most of them promote transparency not only in education budget planning and spending, but in all social sectors.

1. Avoiding off-budget activities

In the budget presentation, the full picture of the government's financial status must be given. Many developing countries have lost control over their financial affairs due to the segregation of budgetary execution data from other financial data, and/or due to the maintenance of ad hoc budgetary execution records outside the accounting system. Donors should be particularly aware that off-budget programmes should be avoided. Aid practices can distort the budgetary process and undermine government accountability, e.g. when textbooks are directly supplied by donors, bypassing government systems and processes. Off-budget activities can also be created if, on the revenue side for example, the returns from natural resources are not included in the budget.

Until recently most donor support came in the form of projects, which meant that government didn't actually know how much was being spent. ... Few bilateral donors fund recurrent costs; aid often produces a bias towards infrastructure projects with inadequate support for ongoing costs (e.g. lots of classrooms, but not enough teachers or books). Sometimes, donors have a preference for funding certain parts of the country and this can result in uneven (or duplicate) provision of services, projects that are expensive to manage, and a lack of sustainability. ... The erratic and unpredictable nature of donor disbursements can cause budget instability and can lead to the bunching of expenditure at the wrong times.

Oxfam/TENMET (2003)

2. Donor co-ordination

Donor co-ordination is crucial, especially in the budget formulation stage. It has been institutionalised in many countries, e.g. in the modalities that govern the Uganda Poverty Action Fund. All releases of PAF resources have to be published and implementation has to be discussed at quarterly meetings of donors and representatives of the line ministries. NGOs and the media are also invited so that the public is kept informed and encouraged to demand accountability for public spending.

3. Sound budget and expenditure management systems

The budget system should be built in such a way that it is transparent and open to public scrutiny. Improved public expenditure management systems are currently put in place in many developing countries in the context of the Poverty Reduction Strategies (PRS). They are part of an overall "reform package" consisting of macro-economic and budget reform, civil service reform, and changes in the legal and regulatory structures, and often appear as conditions attached to International Monetary Fund (IMF) and World Bank lending and debt relief.

The PRS establish the longer-term priorities for the education sector, built on a consensus between donors and the government. The specific features of PRS include a strong link to the 2015 Millennium Goals, including Universal Primary Education (UPE) by 2015. The “Public Expenditure Management” (PEM) approach promoted by multilateral agencies aims at establishing a sound budget system that helps (amongst other objectives) delivery on the UPE goals.

The overall idea is that government and donors should work together to implement a single expenditure programme which prioritises the use of all sources of funding for public expenditure, across all sectors. This aims to be medium term (3-5 years), to cover all sources of funding and to link the money allocated in the budget to the objectives which have been agreed upon. Donors on their side are meant to offer flexible budgetary support to an agreed programme of policy reforms, rather than to individual pet projects.

4. Making Information Available

PEM is often associated with the Medium-Term Expenditure Frameworks (MTEF) approach to budgeting. These frameworks attempt to strengthen the links between planning, policy-making and budget at an early stage in the budgeting cycle. MTEF allows for efficient allocation of government and donor resources between competing priorities, a reduction in the imbalance between unlimited demands and limited resources, and for regular adjustments. It goes without saying that where a country heavily relies on donor assistance, predictability of donor grants for education is crucial for adequate planning.

The establishment of MTEF is usually preceded by a Public Expenditure Review (PER), a methodology used primarily by the World Bank but also by the United Nations Development Programme (UNDP) and other donors to assess the allocation and management of public expenditure in a given country region or sector. The PER provides the foundation for planning and carrying out budget reform and building an efficient and equitable expenditure management system.

The budget system should be designed in such a way that it “produces” comprehensive, timely information - not only to the education administration, but also to the “users” of the education service: parents, students, teachers and headmasters. Communication technology (integrated financial management systems) can play a crucial role in this. Electronic records of all the transactions (revenues and expenditures) of executing units can contribute to avoiding expenditures without previous authorisation and proper justification. For example, in Peru an Internet Portal of Fiscal Transparency (SIAF-SP in Spanish) provides free access to extremely detailed information on the budget and its execution since 1999.

Proactive information campaigns, carried out at the right time by government or by NGOs, can generate public interest in monitoring education spending and thus prevent leak-

age of funds. Means as simple and cheap as putting budget information on school notice boards or doors can give a tremendous boost to preventing corruption.

Public Expenditure Tracking Surveys (PETS)

A groundbreaking survey of public spending in primary education in Uganda (1998) revealed that less than one-third of intended non-salary public spending reached the schools in the early 90s, and that the bulk of the non-wage resources was retained and used by the district authorities.

The money had disappeared without schools being able to claim their entitlement from district officials as they were simply not informed. The study could have been kept in the drawer, but under pressure from NGOs, the Ugandan government launched a large public information campaign: monthly transfers of non-wage grants to districts were published in newspapers and broadcast on radio.

Primary schools and district administrations had to post notices of all inflows of funds. As a consequence, the level of leakage fell significantly: Whereas in 1995 only 20 cents out of one dollar spent by central government on non-wage education items actually reached schools, the figure had increased to 80% in 2001.

Support to Public Expenditure Tracking Surveys (PETS) - Sierra Leone (DFID)¹

A new tool, Public Expenditure Tracking Surveys (PETS), is increasingly being used to examine the flow of funds and materials from the Central Government to frontline delivery units such as schools and health care centres. In Sierra Leone, the Economic Policy and Research Unit of the Ministry of Finance established the PETS Task Team in 2001 to oversee the development and use of this new survey tool. The team has date conducted two surveys covering semi-annual expenditures for 2001 in the security sector, education, health, water and sanitation, agriculture, social welfare, rural development and local government. The survey sample was selected from 72 chiefdoms and 10 wards in areas that were considered safe and secure in 2001. A “Pilot PETS” and a baseline Service Delivery Survey were conducted in 2000, but the results were never officially published.

¹ <http://www.u4.no/projects/project.cfm?id=466>

5. Build Budget Literacy

To my surprise, I found the state and district budget documents fascinating. These documents are not just numbers. They speak about the expressed intention of the government, its policies, and its allocation of financial resources, which create the rich and poor regions and groups within the state.[...] Budget numbers express an enormous volume of information. With eyes trained in budget analysis, one can discover the government's hidden priorities.

M.D. Misha, Director of DISHA, IBP Guide (2000)

Understanding and analysing budgets is not an easy task. However, if parents and students, and civil society at large, are to hold schools and the education administration accountable, they have to be able to understand the budget. Budget transparency will only be useful if there is a broad base of knowledgeable observers. The legislature is also more likely to monitor the budget process effectively if there is widespread public interest in budget issues. The media and NGOs play a particularly important role with regard to generating interest and sparking public debate about the budget. Building budget literacy has been recognised as a prerequisite for engaging citizens in the budget process. In recent years, many NGOs have specialised in budget analysis and offer training for other civil society organisations.

Budget Literacy Courses

- The Canadian Parliamentary Centre's training courses on the budget process for Parliamentarians.¹
- The International Budget Project (IBP)² courses
- The World Bank's training, which is part of its outreach and co-operation programme with civil society.
- The Institute for Social-Economic Studies (INESC) in Brazil³.
- CIDE, a Mexican think tank and training institution, which provides comprehensive budget training for members of the Congress, legislative staff, journalists specialising in budget coverage and NGOs.
- Glossaries of key budget terms developed by IBP, IMF and the South African Institute for Democracy (IDASA)⁴

1 http://www.parlcent.ca/services/index_e.php

2 <http://www.internationalbudget.org/index.htm>

3 <http://www.inesc.org.br/en/agenda/index.php>

4 <http://www.imf.org/external/np/fad/trans/manual/gloss.htm>

6. Develop the Capacity of Parliamentarians

Budget literacy is particularly important for Members of Parliament (MPs), who must be able to analyse and comment on the proposed education budget, and also to monitor expenditure and evaluate the budget outcomes at the end of the fiscal year. MPs have an important role to play: they can initiate public hearings and debates, establish special committees and request further information from the executive. However, they do not necessarily have adequate skills to assess and evaluate a budget.

The South African Institute for Democracy (IDASA) has provided a Budget Information Service (BIS) since the 1990s. Its comprehensive analysis includes reports on the effects on specific groups (e.g. the poor, children, women etc.), on the budget process, on provincial budgets, etc. IDASA has also produced studies on budget transparency and carried out training.

Kenya's Institute of Economic Affairs helps MPs through its "Budget Information Programme" (BIP). Since Parliament only has seven days to debate and approve the budget, BIP assembles a team of experts in advance to analyse the budget and to develop a guide for MPs to assist them in the debate. The BIP team spends the weekend after the budget's introduction combing through the budget speech, the financial statements, and the finance bill in order to draw out the key points and make the information easily comprehensible for Members of Parliament in a timely fashion.

Public Participation in the Budget Process

Citizens believed that bribery was the most effective way to request and receive services, and they viewed the public sector as an institution not for public service but for personal enrichment. Moreover, citizens were not motivated to participate in the public sector because they judged such participation to be an utopian impossibility.

UNODC Anti-Corruption Toolkit

- Community participation in budget execution: The public can also be actively involved in budget execution at school level. There are examples of school management committees administering school funds, including teacher salaries, with a very positive effect on the efficiency and effectiveness in spending. School committees may directly contract suppliers, for example of desks and meals, or parents may become partial owners of materials, thus reducing the risk of material being stolen. Similarly, teachers are more likely to support school policies and protect financial resources if they play a

role in preparing the school plan and in managing implementation.

- School Boards, comprising parents and community members who work with District Education Boards and Local Education Boards, may be involved in the review and approval of key decisions, including the allocation of central government transfers as well as contributions in cash and kind from the community. Community Education Associations, comprising parents of the children served by the schools, may manage the budget with the direct transfer of Ministry of Education funds to their own account. Further on, Parent-Teacher Associations (PTAs) may be responsible for collecting the rental fees for textbooks, and directly manage the school meals.
- Budget monitoring by Non-Governmental Organisations (NGOs): An increasing number of NGOs carry out independent research and training with the aim of building public awareness on budget issues. NGOs are involved in budget analysis, providing comprehensive information to the public and to the media and often enabling them to comment on budget proposals and to monitor expenditure. NGOs also carry out surveys to compare budget transparency across countries, thus putting pressure on governments to improve budget systems.
- Public hearings and citizen score cards: Two examples of tools that generate public awareness and citizen engagement in budget processes are public hearings and score cards for education services. Public budget hearings at local level raise citizens' awareness of goods and services that are supposedly delivered to them. Presenting expenditure records in easy language to the public, or at schools, and confronting local politicians with the discrepancy between policy statements and actual delivery can trigger civic action against corruption in education, and thus contribute to accountability. Report cards on education services are another powerful tool to mobilise the public if education funds go missing. A report card is a survey that assesses the performance of, for example, schools and school administrations. It measures both quantitative and qualitative indicators of service delivery through direct citizen feedback. If the results of report card surveys are fed back to schools and administrations, they provide an incentive for increased accountability. If they are widely disseminated amongst the public, together with budget information, they provide an opportunity for citizens to get involved in the budget allocation process, and to ensure that the budget addresses their needs. Then the budget cycle starts again.

Mazdoor Kisan Shakthi Sangathan (MKSS), or the Workers and Peasants Power Association, is a grassroots organisation based in India. MKSS organises public meetings (jan sunwai) in which detailed accounts of expenditure records and other documentation are read aloud to the public. In a public hearing in which funding of public works was debated, for example, it was revealed that a majority of the funds had gone into fictitious and untraceable projects which were a pretence for channelling public money into private accounts. In addition to promoting transparency and public participation, this revelation resulted in the arrest and conviction of three individuals on charges of criminal conspiracy, fraud and corruption

Conclusions

Budget transparency is not a goal in itself. If a budget is built on distorted priorities and if it does not represent all expenditure, then there may be room for corruption even though the budget data are available. Similarly, a budget that is transparent but not accurate will make public scrutiny impossible and again provide room for corruption. Furthermore, budget transparency is only useful in combination with budget timeliness and accessibility. If data are provided too late, or if information is not made available in a reader-friendly format, the public will not be able to monitor the budget process. Finally, a transparent budget will only be useful if effectively used by the public. Transparency and participation complement each other.

Budget transparency has to be seen as one component of a broader framework of fiscal transparency and public expenditure management. Transparency should be a standard feature of a sound budget system that is built on realistic assumptions. Expenditure management should promote adherence to the budget and allow for public scrutiny.⁶

8. PROCUREMENT

The problem

Types of contracting in this sector vary depending on the type of education policy (public/private schooling or school management, education oversight system, provision of school texts and supplies, and types of infrastructure.

⁶ This section has used information mainly provided on the excellent website of the International Budget Project. It is also based to a great extent on the Oxfam/ TENMET publication "A Simple Guide to Working with Finances and Education" (2003).

Corruption in procurement can occur in the provision of educational material, of school supplies and equipment, meals and also in the construction of educational facilities.

Risks of corruption in contracting in the education sector are similar to those that appear in contracting processes in other sectors, and therefore should be treated in a similar way. However, some special characteristics create particular challenges, including the following:

- Service provision may imply long-term contracts (such as management and operation of school facilities), while procurement of textbooks is implemented immediately. Service contracts may therefore present more monitoring challenges in assessing the quality of the service provided.
- The nature of the textbook industry is such that in some areas it is almost monopolistic, and in others not, creating strong incentives to bribe to secure sales or creating confusion about the availability of providers.
- National beliefs about the content of textbooks encourage non-transparent, closed bids.
- Difficulties arise in managing conflicts of interest amongst authors and teachers in textbook selection committees where their expertise is needed.

What can be done?

For all types of contracts, it is important to avoid seeing the contracting process in isolation. For example, the provision of school supplies involves three related activities that entangle different risks:

1. the selection of the textbooks to be procured;
2. the procurement of the textbooks;
3. the delivery of the textbooks to students.

Textbook procurement in the Philippines: monitoring is important

In 1998, suppliers to the Department of Education (DepEd) in the Philippines claimed that bribes in the provision of learning materials ranged from 20-65% of the value of the contract. Some suppliers even got legislators to sign requisition issue vouchers, which was against existing auditing rules. The Commission on Audit (COA) found that the DepEd bought P17.9 million (US\$320,000) worth of idle, unused textbooks, without consulting principals and superintendents. A regional director of the DepEd also bought 1,000 copies of an unendorsed dictionary for P1.89 million (US\$33,000).

Investigative journalists revealed that, although the reforms implemented by the DepEd in 1999 were far-reaching, they had mixed results. The clean-up was conducted at the top, as the reform clipped the powers of regional directors, but corruption remained pervasive in local school boards, as the boards received greater autonomy and discretion. Hence, it became difficult for the DepEd to monitor what its field offices were buying, especially as the reform allowed for superintendents to choose titles themselves.

Despite the reform, bribery remained the norm and decisions were made based on payoffs, not needs. However, while payoffs remain substantial - between 15-30% - they have been significantly reduced. Furthermore, textbook prices decreased by 40% due to the fact that publishers no longer sold their goods to legislators. NGO monitoring was also incorporated into the procurement process. In 2001, the DepEd posted the biggest audit suspension totalling P6.9 billion (US\$123.5 million), or one quarter of all audit suspensions. The COA regularly uncovered new examples of irregular textbook purchasing.

Like in any contracting process, the identification of the texts needed risks the requirements being tailored for a specific provider, and conflicts of interest or plain private interest may be a source of corruption. A small market size may also result in the selection of texts automatically implying the nomination of a particular supplier. In other cases, appropriate publicity may enable other providers to present offers opening up the process. Whether this is the case or not, the process needs to be transparent from the start. Even if for nationalistic reasons a domestic source of supply is preferred, it can be performed transparently. Moreover, once the texts have been acquired and the contract implemented, care needs to be taken to make sure that the purpose of the contract is fulfilled and the textbooks reach the students. Distribution may or may not be a feature of the text procurement contract, but even if it is not, monitoring and transparency will facilitate delivery and accountability. Facilitating civil society participation can enable monitor-

ing and promote accountability, especially in contract implementation. The use of good rules and guidelines for contracting is always necessary.

Getting the textbooks right: case study from Argentina

One recent example of a successful strategy was a consultation procedure, implemented by Poder Ciudadano, Transparency International's national chapter in Argentina, on the procurement of 3,315,000 books for use nationwide. An initial textbook selection phase was halted by objections to the textbook selection criteria, to the jurors that intervened in the selection and to the local management procedures. The Ministry of Education, Science and Technology then invited Poder Ciudadano to participate in the second attempt and to help them to develop a transparent process. The TI chapter introduced three strategies.

Firstly they organised participatory discussions of the criteria for selecting the textbooks to be procured and of the tender documents to procure them. These discussions involved representatives of the Ministry and textbook publishers and were mediated by Poder Ciudadano.

Secondly, they implemented a no-bribes TI Integrity Pact, which was subscribed to by both the bidders and the Ministry to create common and clear ground rules for the procurement process.

Finally, they set up mechanisms to prevent and manage conflicts of interest among members of the advisory committee in charge of pre-selecting the texts. This, in addition to transparency and publicity measures during the contracting procedure, resulted in a transparent process with no objections and a broader diversity of textbooks and publishing houses (56 publishers participated and 48.3% of those were awarded at least one contract).

Corruption is rampant in construction and construction of education facilities is no exception. Preventive measures that apply to general contracting problems also apply here.

Learning the wrong lessons in Malawi schools

In 2000, serious fraud amounting to K187 million (US\$2.3 million) was exposed at Malawi's Ministry of Education relating to the issuing of contracts to build schools.

Following the government's decision to introduce free primary education, the education ministry embarked on projects to build schools. Contracts were not awarded by way of fair tender, but in many cases to members of the United Democratic Front (UDF) - the party of then President Muluzi - who registered as building contractors. The 'contractors' were paid for the projects, but these so-called 'ghost' schools were never constructed.

It is alleged that the contract money was used by the president's party loyalists in campaigning in the 2000 general elections. Eleven parliamentarians were named and three cabinet ministers lost their jobs. Two cabinet ministers were charged and taken to court, but later acquitted.

9. PUBLIC EXPENDITURE TRACKING SURVEYS - Examples and major findings

The Public Expenditure Tracking approach was developed by a group of researchers in the World Bank and was first applied to a study of a primary education reform in Uganda in 1996. Since then, several dozen PETS have been implemented around the world, both in Africa, Asia and Latin America, and in Eastern Europe.

Among the main findings are:

- The amount of leakage is often difficult to estimate, due to poor bookkeeping.
- Leakage rates are extremely high in some cases.
- There are fewer problems with leakage in salary expenditures compared to non-salary expenditures.
- The potential for leakage may be greater in the health sector than in the education sector, due to larger non-salary expenditures in health.
- Local involvement at the frontline service delivery posts may result in better financial management at this level than at district and regional offices.
- The organisation/mode of transfer of public resources (for instance: cash vs. in kind) may be important for the amount of leakage. Policy implications are highly context dependent.
- The issue of corruption is often not explicitly addressed.

PETS vary greatly in content, including:

- the type of expenditure tracked

- the number of levels of public administration studied
- the sectors analysed
- the degree to which explanation is sought for the observed patterns in resource flows

PETS vary greatly in quality (e.g., data quality, sample size)

Some, but not all, PETS are conducted on large, representative samples. A minimum requirement in order to qualify as a PETS is that resource flows are tracked at least at two different levels of public administration. Not all studies that are announced as PETS satisfy this criterion. Therefore, this page does not attempt to provide a complete overview of all PETS conducted, but rather focuses on some of the more successful ones.

There are fewer examples of successful PETS in the health sector than in the education sector. Attempts at conducting PETS in the health sector have been seriously hampered by unreliable and inconsistent budgets and/or little systematic information on financial flows at facility level (e.g., Mozambique, Honduras, Uganda).

PETS - Uganda		
Year of data	1991-1995	2001
Sample	<ul style="list-style-type: none"> Government primary schools (250 out of 8500). Local governments (18 out of 39). 	<ul style="list-style-type: none"> Government primary schools (218 of the 250 surveyed in the 1991-95 survey and, moreover, 170 new government primary schools from 9 of the 18 districts in the 1991-95 survey). Local governments (all the 18 districts surveyed in the 1991-95 survey).
Level of administration studied	Government, district, school	Government, district, school
Expenditures tracked	Non-salary expenditures (capitation grant) from government level to schools through district.	Non-salary expenditures (capitation grant) from government level to schools through district.
Other data collected	Enrolment figures and general qualitative information on school matters.	Enrolment figures and knowledge test of head teacher.
Type of PETS	Diagnostic and analytical.	Diagnostic and analytical.
Reference	Ritva Reinikka and Jakob Svensson (2004), Local Capture: Evidence from a Central Government Transfer Program in Uganda, <i>The Quarterly Journal of Economics</i> , vol. 119 (2): 679-705 http://www.iies.su.se/~svenssoj/p679.pdf	Ritva Reinikka and Jakob Svensson (2003) The power of information: Evidence from a newspaper campaign to reduce capture, Working Paper, IIES, Stockholm University. http://www.iies.su.se/~svenssoj/Information.pdf
Other comments	The study that developed and first implemented the PETS methodology.	Main focus on the analytic issues, explaining the role of information in fighting corruption.
Major findings		
Financial management systems	Districts lacked reliable records of disbursements to individual schools. Capitation grant almost fully released by central government on monthly basis.	
Leakage of funds	On average, in 1991-95, schools received 13% of central government spending. Most schools received nothing.	On average, in 2001 schools received 82% of central government spending.
Explanation of leakage	Large variation in grants received across schools in 1991-95. Schools in better-off communities receive more of the funds. Local capture systematically related to the users' socioeconomic status.	The observed reduction in leakage in 2001 was significantly larger for schools with access to the information campaign on PETS.
Corruption	Available evidence suggests substantial corruption in 1991-95.	

PETS - Tanzania	
Year of data	2002 and 2003
Sample	<ul style="list-style-type: none"> • Government primary schools (210 out of 12 700) • Local governments (21 out of 113) • Regional governments (7 out of 21)
Level of administration studied	Government, region, district, school
Expenditures tracked	Non-salary expenditures (capitation grant, development grant, capacity grant) from government level to schools through district.
Other data collected	Enrolment figures and general qualitative information on school matters.
Type of PETS	Diagnostic
Reference	“Tanzania Public Expenditure Tracking Study - Study of the Financial and Non-financial Flows from Central Government to Schools in 2002 and 2003”, November 2004, REPOA and Government of Tanzania.
Other comments	The Public Expenditure Review (PER) Working Group in Tanzania commissioned the local research institute REPOA (Research on Poverty Alleviation, Dar es Salaam) to undertake this study. It is so far only available upon request to the Government of Tanzania or REPOA.
Major findings	
Key characteristics of resource flows	Extremely complex system of disbursements from the central level, involving three different ministries. The system deviated substantially from the official plan.
Financial management systems	Poor recording both at central and district level. Seems to be some improvements in the second year of the programme.
Leakage of funds	Estimated leakage of 36-46% (capitation grant) and 14-24% (development grant). No estimate of leakage in capacity grant, due to poor data for this part of the programme. Main leakage in capitation grant due to leakage in the book part of the programme.
Variation in leakage	Huge variation in the inflow of the capitation grant between schools. Development grant seems partly to have been disbursed according to need.
Delays	Huge delays both at the central level and district level, partly due to delays in the donor funding of the programme.
Corruption	No conclusive evidence, indirect evidence suggests at least some corruption.

PETS - Zambia	
Year of data	June 2001-June 2002
Sample	<ul style="list-style-type: none"> • Government primary schools (184, total not given) • Districts (33 out of 72) • Regional governments (4 out of 9)
Level of administration studied	Government, province, district, school
Expenditures tracked	All public funding of the primary education from government level to schools through province and district. The expenditures are classified into three categories: rule-based per-school grant, discretionary per-school grant, and remuneration of staff.
Other data collected	Enrolment figures, general qualitative information on school matters, data on other funding of schools.
Type of PETS	Diagnostic and analytical
Reference	Jishnu Das, Stefan Dercon, James Habyarimana and Pramila Krishnan (2004), "Public and Private Funding of Basic Education in Zambia", Human Development Sector, World Bank http://siteresources.worldbank.org/AFRICAEXT/Resources/AFRHD62DasZambia022504FINAL.pdf
Other comments	The study also focused on how private funding of primary education was affected by an increase in public funding. The study is broader than a traditional PETS, and thus referred to as an Educational Service Delivery Study (ESDS).
Major findings	
Key characteristics of resource flows	Complex arrangement of total funding in primary education. Fresh money enters the hierarchy at each administrative level.
Financial management systems	The Ministry of Education and the Ministry of Finance have evolved an efficient system of delivery for rule-based allocations.
Leakage of funds	More than 90% of the schools and 95% of the teachers had received the rule-based allocations. Less than 25% of the schools had received any of the discretionary funding. The discretionary funding seems mainly to have been spent at the province and district level. One third to one sixth of the total funding of primary education reaches the schools.
Variation in leakage	Rule-based funding is pro-poor, while discretionary funding is regressive. Overall funding is wealth neutral.
Delays	Delays in updating payrolls and payment of allowances to teachers.
Corruption	Not mentioned in the report.

10. FORMULA FUNDING IN EDUCATION FINANCE

A funding formula is an agreed rule for allocating resources to schools. It specifies the quantum of finance that each school can spend, and enhances transparency, thus reducing the opportunities for corruption.

Formula Funding as decentralisation of financial management

Since the early 1990s the financial management of schools has been decentralised in a number of countries through what is known as a formula funding system. This has replaced a centralised system where school resources were provided directly by the education authority. Within the centralised model schools are not given autonomy to decide over staff allocation versus books, equipment and school infrastructure. The PETS framework has shown that the centralised system opens up many opportunities for grand corruption. There is now clear evidence that in many countries only a fraction of the allocations given through the national budget (often mostly donor money) reaches the end users.

In some countries there has been resistance to a decentralised system, as regulators and politicians are seen to lose the ability to control the implementation of reforms and targets for higher standards. It is, however, equally true that almost all efforts to decentralise funds or authority are resisted in most highly corrupt countries.

Formula Funding - a means of preventing corruption

Since the early 1990s the financial management of schools has been decentralised in a number of countries through what is known as a formula funding system. This has replaced a centralised system where school resources were provided directly by the education authority. Within the centralised model schools are not given autonomy to decide over staff allocation versus books, equipment and school infrastructure. The PETS framework has shown that the centralised system opens up many opportunities for grand corruption. There is now clear evidence that in many countries only a fraction of the allocations given through the national budget (often mostly donor money) reaches the end users.

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Ensuring the effectiveness of formula funding

Formula funding should be complemented by the publication of allocations to each school - on websites and in hard copy - in order to make budgets accessible for public scrutiny. However, to make formula funding effective, certain measures must be taken:

- Stakeholders (e.g. school councils and parent-student associations) must understand the basis on which money is allocated to their individual school. This entails a great need for training at all levels in the education system, including financial and budgeting skills training for school leaders. The public must also understand financial procedures in order to assert a watchdog role.
- The data on which the formula is built must be accurate in order to remove all temptations to inflate data used to trigger formula funding.
- Financial management at school level must also be accompanied by comprehensive and enforceable financial regulations and external auditing of school accounts.
- Care must be taken at school level to ensure that enough people have access to the schools' bank accounts for the system to be flexible, while at the same time ensuring that the opportunities for corruption are not multiplied beyond what is possible to control. Special care should be taken in systems where schools are given permission to collect money directly from parents.
- Finally, the simpler a formula is, the easier it will be to monitor.

Further reading - methodology

Formula funding of schools, decentralization and corruption: a comparative analysis
Ethics and corruption in Education

by Rosalind Levacic and Peter Downes - *International Institute for Education Planning, IIEP*¹

This book looks at the relationships between the decentralisation of school funding and the prevalence of corruption, a crucial concern for education policymakers today. The monograph is based on the assumption that formula funding acts to reduce the likelihood of fraud, as one of its essential elements is public accessibility to information. Transparency puts pressure on those in positions of responsibility to conform to regulations, since the chance of detection is much higher and the consequences of misappropriation are greater.

The authors examine four countries at different stages of decentralisation of school finance and management. Based on the range of evidence provided, they produce a number of recommendations for policymakers, including: training of principals and administrative staff, a greater understanding of the mode of operation of the formula, preparation of manuals for financial procedures, empowerment of stakeholders, local monitoring, standardisation of account formats, external checks, ensuring the independence of auditors, and the implementation of remedial actions when deficiencies are detected.

¹ <http://www.unesco.org/iiep/index.htm>

Formula Funding in Education Finance - good practice example from Ecuador

Project title	Programme Modernisation and Decentralisation, Ecuador
Responsible	GTZ (Germany)
Project number	2003.205.1
Partners	Instituto Educatorio de Cooperación Internacional, INECI
Implementer	Ministry of Economic Affairs and Finance, Consejo Nacional de Modernización (CONAM), associations of cities and provinces and wards, relevant CSOs, such as the Association of the Indigenous People; oversight body for universities and curriculum development
Period	2004-2007
Amount:	EUR 7 642 000

Background information

Ecuador is currently undergoing a decentralisation and modernisation reform process that is aimed at devolving tasks, responsibilities and resources to subnational units. Within this context, GTZ is carrying out the “Modernisation and Decentralisation Programme” PROMODE, working with state institutions such as the Ministry of Economic Affairs and the Ministry of Education to improve financial management and the provision of public goods and services such as education.

Previously, there have been no objective criteria for the construction of the national education budget. The Ministry of Economic Affairs allocates resources to the 22 Provincial Management Offices, who then allocate resources to the 219 “cantons” or municipalities without taking into consideration the educational needs of the schools, especially in rural areas. This practice not only impacts on equity in education, it also provides manifold opportunities for corruption and fraud.

Formula for creating equitable budgets

To improve equity and enhance transparency, PROMODE initiated a pilot project together with the Ministry of Education aimed at establishing objective criteria for the allocation of education budget item 53 “consumer goods and services” (running costs and teaching materials), representing 5% of the education budget.

For the year 2004, the Ministry of Economic Affairs increased allocations in item 53 by 20%. However, as Pro-

vincial Management Offices have discretion over the use of their resources, there was a risk that the increase could benefit the education administration in the provincial cities rather than the needy rural schools. To prevent this from happening, a simple mathematical formula was built to create equitable budgets for each municipality. The formula was based on three factors: number of children of school age, level of poverty, and enrolment in each municipality.

In addition to setting the overall amount for each municipality, the use of the allocated resources was specified, i.e. educational supplies, administrative services etc. Thus, provincial education budgets could be constructed in a less arbitrary way (through the formula) and in a more specific and transparent way, thereby reducing opportunities for fraud and corruption.

Civil society involvement

The new budgets were disseminated with the help of the civic movement “Contrato Social por la Educación” (“Social Contract for Education”), both through the internet and as printed brochures. The occasion of municipal elections was used to table education budgets in local political debates. Increased levels of citizens’ awareness and knowledge have contributed to significantly improving the quality of political debate, and can be considered a key outcome of this project.

Unfortunately, the official education budget 2004 did not reflect the municipal budgets, but again only provincial budgets. Thus, official documents did not allow the flow of resources to be traced. Nor was the formula itself used in the construction of the 2005 budget.

Further reading - methodology

Document in Spanish with executive summary in English:

La Asignación de Presupuestos en el Sector de la Educación

Metodología usada para el grupo de gasto 53 “Bienes y Servicios de Consumo” de las unidades ejecutoras Direcciones Provinciales Hispanas. Año 2004.

English title:

The Application of Budgets in the Education Sector Applied methodology for item 53 “Consumer Goods and Services” in the educational system’s Provincial Management Offices (excluding bilingual entities). Year 2004.

by Rafael Donoso Naranjo, GTZ.

The methodology in this document is based on a financial study restricted to budget construction in Ecuador’s education sector. The purpose of the methodology is to equitably meet the needs of each educational territory equitably through quality of spending. The analysis contained in this report looks at the budgetary situation of the country’s schools and shows how the arbitrary nature by which resources are assigned limits the educational system. A methodology was developed based on the general idea of using a clear, mathematical formula to guarantee objectivity in budget development and improve the situation of the nation’s schoolchildren.

LITERATURE REVIEW

Adverse effects of private supplementary tutoring: dimensions, implications and government responses⁷

Private supplementary tutoring has long been a major phenomenon in some parts of East Asia, particularly Japan, the Republic of Korea and Taiwan. In recent decades it has grown significantly in both industrialised and less developed societies. This monograph focuses on the adverse effects of private tutoring, which includes distortion of the mainstream curricula, pressure on young pupils, exacerbation of social inequalities, and manipulation of clients by tutors - particularly in situations where mainstream teachers provide paid supplementary tutoring for their own pupils after school hours. By Mark Bray (Jul.2003)

Combating academic fraud: towards a culture of integrity⁸

This book documents the importance and extent of academic fraud, in a context of the international flow of persons, global communication of information and ideas, and the ubiquity of corporate and other forms of fraud in contemporary society. It identifies major varieties of academic fraud such as cheating in high stakes examinations, plagiarism, credentials fraud, and misconduct in reform policies. Examples of measures to limit academic fraud are presented, including national and local government interventions, punitive measures, the activities of academic and professional organisations, and the promotion of greater academic integrity. Throughout, attention is drawn to increasing participation in academic activities, the importance of qualifications and printed credentials, the international dimensions of academic fraud, and the role of advanced technology in facilitating both fraud and efforts to combat it. By Max A. Eckstein (Jul.2003)

Corruption and the Provision of Health Care and Education Services⁹

This paper reviews the relevant theoretical models and users' perceptions of corruption in the public provision of social services. Reports based on public service delivery surveys are found to confirm the pervasiveness of corruption and bribery in the public provision of health and education services. Evidence that reducing corruption can result in significant gains as measured by decreases in child and infant mortality rates, percent of low birth weight babies, and primary school dropout rates are provided. The purpose of the review is to determine whether a link between corruption and the outcome of public provision of social services can be established. However, the question of what causes such links and how to approach the problem of corruption receives less attention. Suggested policy implications appear

rather conventional and devoid of contextual considerations. (Sep.2003)

Corruption in education sector development: a suggestion for anticipatory strategy¹⁰

In this article the author proposes an anticipatory strategy that will help professionals to protect an education project from corruption. The strategy contains of four components: 1) diagnosis/planning process for corruption prevention, 2) listing of possible education areas where corruption may occur, 3) dimension analysis, and 4) example measures. Much of the discussion concentrates around the first component, which again consists of five steps. The strategy is further explained by a hypothetical example. The author states that there is no universal definition of corruption. This premise is less obvious in the suggested strategy. (Sep.2003)

Education and corruption¹¹

Heyneman, S. P. (2002)

The paper draws on standard international definitions of "corruption" and applies them to the education sector. It defines corruption in education, explains why it is important, and describes various types of corruption and their causes. Emphasis is on the role of higher education institutions in educational corruption, but the paper is not limited to higher education. In the end the paper suggests four categories of reform designed to minimise the risk of educational corruption. These include reforms to: 1) educational structures, 2) the processes of management and adjudication, 3) the mechanisms of prevention, and 4) the system of sanctions. Clear and simple points, but the paper suffers from oversimplification when attempting to explain corruption and its causes. Ethnographic evidence could have strengthened the arguments.

Equity Issues in Public Examinations in Developing Countries¹²

The study presents an analysis of inequities associated with public examinations in developing countries. A distinction is drawn between inequities in examinations and more general inequities and inequalities in educational systems. Research from close to thirty countries, mainly in Africa and Asia, is reviewed. By identifying the sources of inequities it hopes to pinpoint ways of improving the quality of instruction and learning in developing countries. Corruption is not the focal point, but the problems raised are close to those of corruption. Two of the main questions asked that in particular can be linked to the question of corruption are 1) how equitable it is to use examination results to assess school effectiveness and to hold schools accountable (chapter 3), and 2) whether factors associated with the administration of examinations, in particular scoring practices and malpractice, give rise to inequities (chapter 4). (Oct.2003)

7 <http://www.u4.no/document/showdoc.cfm?id=116>

8 <http://www.u4.no/document/showdoc.cfm?id=115>

9 <http://www.u4.no/document/showdoc.cfm?id=80>

10 <http://www.u4.no/document/showdoc.cfm?id=79>

11 <http://www.u4.no/document/showdoc.cfm?id=78>

12 <http://www.u4.no/document/showdoc.cfm?id=81>

Ethics and corruption in education¹³

Hallack, J. and Poisson, M. (2003)

This report presents the outcomes of an expert workshop organised by the IIEP in November 2001. The objective of the workshop was to be advised on the design, methodologies and implementation of a new IIEP research programme dealing with "Ethics and corruption in education". The report consists of three chapters, an annotated bibliography of 80 documents, plus two appendices. The first chapter is a background document prepared by the IIEP for the workshop. Issues such as definitions, conceptual framework, methodologies, and approaches are discussed in this chapter. Chapter two summarises the discussions as they took place during the workshop. Chapter three presents the outcomes of an IIEP-led survey. The exercise is focused and aims to find practical answers to complex questions. The report is essential for anyone engaged in anti-corruption work in the education sector.

Financing of Social Sectors State of the Art in the International Development Debate¹⁴

The topic of this Issues Study "Financing of Social Sectors" is to review the challenges posed by the effort to scale up and improve pro-poor social sector delivery in developing countries. It will report on and discuss research findings and present concurring as well as controversial positions on "new" policy approaches to the effective delivery of social services. (May.2004)

Local Capture and the Political Economy of School Financing¹⁵

This article by Reinikka and Svensson explains leakage of public funds in education, using panel data from a study of primary schools in Uganda. The data reveal that on average, schools received only 13% of what the central government contributed to the schools' non-wage expenditures. The bulk of the allocated spending was either used by public officials for purposes unrelated to education, or captured for private gain (leakage). (Apr.2002)

Preventing Corruption in the Education System¹⁶

This practical guide is produced by GTZ under the sector project 'Prevention of Corruption', and addresses those responsible for development cooperation projects aiming to promote reform in the education sector. The guide aims to provide ideas and practical support, and to indicate ways of integrating corruption-prevention components appropriately in projects of this nature. Based on the priorities of German development cooperation in the education system, the guide is built around the identification of manifestations

13 <http://www.u4.no/document/showdoc.cfm?id=76>

14 <http://www.u4.no/document/showdoc.cfm?id=127>

15 <http://www.u4.no/document/showdoc.cfm?id=87>

16 <http://www.u4.no/document/showdoc.cfm?id=113>

and possible weak points in terms of corruption related to 1) personnel, 2) the finance and procurement system in educational institutions, 3) access to educational institutions, and 4) quality and quantity of education. The guide proceeds to point out measures to prevent corruption for each of these areas. (Dec.2004)

Survey techniques to measure and explain corruption¹⁷

Reinikka, R. and Svensson, J. (2003)

In this World Bank Working Paper the authors demonstrate that, with appropriate survey methods and interview techniques, it is possible to collect quantitative micro-level data on corruption. Public expenditure tracking surveys, service provider surveys, and enterprise surveys are highlighted with several applications. While often broader in scope, these surveys permit measurement of corruption at the level of individual agents, such as schools, health clinics, or firms. They also permit the study of mechanisms responsible for corruption, including leakage of funds and bribery, as data on corruption can be combined with other data collected in these surveys. This paper is a product of the World Bank Public Services' Development Research Group, and it is a part of a larger effort in the group to measure and explain corruption at the micro level and to explore its effects on service delivery.

The Poor Speak up. 17 Stories of Corruption¹⁸

This book is the result of an initiative by the Partnership for Governance Reform in Indonesia and the World Bank. It sets out to understand from the poor themselves the ways in which corruption intersects with their lives and how it affects them. The case stories presented give a firm picture of the various kinds of transaction involved when people have to deal with the education sector and other public institutions. It is one of the few studies discussing corruption from poor people's own point of view. The objective of the book is to point out "where the shoe pinches", which in turn can give a better idea of what can be done to reduce corruption. It aims to inspire action and to start a dialogue about solutions among policy makers, change agents and the communities themselves, as well as NGOs and media. (Oct.2003)

The shadow education system: private tutoring and its implications for planners¹⁹

This booklet problematises the phenomenon of private tuition. It states that private tuition has become part of the education environment to such an extent that nobody really questions its existence. Private tutoring has grown to become a vast enterprise and fee-free education doesn't necessarily mean free of cost. A central argument is that private supplementary tutoring deserves much greater attention than it has so far received. Different sides of private tutoring are discussed with the aim of uncovering both positive and

17 <http://www.u4.no/document/showdoc.cfm?id=84>

18 <http://www.u4.no/document/showdoc.cfm?id=82>

19 <http://www.u4.no/document/showdoc.cfm?id=77>

negative aspects. The author questions whether schooling in the public system should be free of charge since people appear both willing and able to pay a lot of money for private tutoring. However, private tutoring may have an impact on social inequalities and economic development in different societies. Corruption is not mentioned, but there is a clear connection between what is said here about private tutoring and various forms of government corruption. (Sep.2003)

Corruption in the Education Sector: An Introduction²⁰

Meier, B. (2004)

Meier's paper provides a useful tour de force of corruption in education. She underlines the incompatibility of corruption with a major goal of education to produce citizens respecting the law and human rights, and documents the debilitating effect of education corruption with global data and numerous specific cases. The paper also provides a reasonably comprehensive overview of the causes of corruption in education and what can be done to tackle it.

Corruption in Education Systems in Developing Countries: What is it doing to the young²¹

Bennett, N. (2001)

(Paper delivered at the 10th International Anticorruption Conference.) This paper explores the effects of corruption and mismanagement in schools in the developing world that lead to teacher absenteeism and bad quality tuition. Schools in the developing countries of Africa and Asia, as Bennett's experience shows, are plagued with large amounts of students per class, with teachers that are overworked, absent, underpaid or paid too late and school books that have little relevance to the country or the students. These factors reflect negatively on the education of the students. Bennett proposes moving the recruitment, discipline and payment of teachers away from the bureaucrats and as close as possible to the parents, choosing local educators from the region in which the school is located, developing school curricula together with parents and educational experts, and adapting the school to the needs of the particular region, like adapting the holiday calendar to the needs of farmers' children. The knowledge drawn from 40 years of experience in the school system of African countries gives this article a well grounded background of discussion and expertise.

Formula funding of schools, decentralization and corruption: a comparative analysis²²

Levacic, R. and Downes, P. et al. (2004)

International Institute for Educational Planning

This paper assesses how well a system of 'formula funding' for schools (where funds are provided according to a rule that is universally applied to all schools of a given type)

20 http://admin.corisweb.org/files/MeierB2004Corruption_Education_Intro1096553141.doc

21 <http://www.10iacc.org/download/workshops/cs34a.pdf>

22 <http://www.unesco.org/iiep/PDF/pubs/F167.pdf>

combined with decentralised financial management can reduce opportunities for corruption compared to centralised systems of school funding and resource management. Based on case studies of Australia, the UK, Poland and Brazil, the authors conclude that whether such a system increases (by providing more people with access to funds) or decreases (by increasing transparency) opportunities for fraud and corruption depends on other factors, particularly whether schools have their own bank accounts or not. The report concludes with a number of recommendations.

Report Card Survey in Bangladesh, Quality Schools Programme in Mexico²³

Karim, Sh. et al. (2004)

The UNESCO International Institute for Education Planning (IIEP) launched a project in 2001 on Ethics and Corruption in Education (details of the project's activities can be found at <http://www.unesco.org/iiep/eng/research/observ/ethcorr.htm>). The project's aim is to improve educational decision-making and management by introducing anti-corruption and governance methodologies in educational management. This paper notes that corruption in the education sector has not received sufficient attention compared to other sectors, despite its position as one of the biggest consumers of public resources and the particularly serious impact of corruption in the sector. Two interesting case studies of policy successes in tackling corruption in education are presented. Karim describes the Report Card Survey in Bangladesh, which by surveying feedback from stakeholders ranging from head teachers to students enabled flaws in the system and loci of corruption to be identified, and created pressure for authorities to act. Claudia Santizo Rodall and Enrique Cabrero Mendoza follow by describing the Quality Schools Programme in Mexico, which by delegating the development of school projects to school directors, teachers and parents created incentives for transparency in educational decision-making and promoted greater accountability. Both case studies are notable for their highly detailed account of all relevant aspects of the projects, and can be regarded as models of project implementation and reporting.

STEALING THE FUTURE: Corruption in the Classroom - Ten Real World Experiences²⁴

(Transparency International, Dec 2005)

Studies carried out by TI chapters in Argentina, Bosnia and Herzegovina, Brazil, Georgia, Mexico, Nepal, Nicaragua, Niger, Sierra Leone and Zambia in 2004 and 2005 present a panorama of views and experiences. They include assessments of the extent and forms of corruption in schools, universities and in education administration, as well as hands-on tools demonstrating how to prevent corruption in education.

23 <http://unesdoc.unesco.org/images/0013/001390/139031e.pdf>

24 http://www.transparency.org/global_priorities/education/corruption_education/stealing_the_future

ANNEX

Typology of Corruption in the Education Sector in Developing Countries

The Netherlands Ministry of Foreign Affairs / Education and Development Division / September 2005

Level of Activity	Type of Corrupt Practices	Impact on Education	Root Causes	Mitigating Measures
<p>Central Level (Ministries)</p>	<p>Leakage of funds from government accounts and/or international assistance funds or diversion of funds intended for allocation to lower levels of the system</p>	<p>Access Quality Equity</p>	<ul style="list-style-type: none"> ▪ Weak financial management capacity, ▪ Lack of adequate auditing, monitoring and evaluation systems and capacity, ▪ Inadequate documentation and reporting requirements, ▪ Lack of independence on the part of external financial watchdogs, ▪ Lack of transparency (of financial information, activity plans, audit results etc.), ▪ Absence of political will to curb corruption. 	<ul style="list-style-type: none"> ▪ Improve legislative and regulatory frameworks, ▪ Develop a clear operational manual, consolidate and/or renew the regulations concerning financial procedures at all levels, ▪ Improve monitoring capacity and control mechanisms to provide management information on compliance and performance, ▪ Ensure regular, independent auditing of public spending, fund allocations etc., ▪ Improve human resources, and appoint adequate staff, ▪ Establish sanctions mechanisms and ensure their impartial imposition, ▪ Improve capacity for handling complaints and investigating corruption when detected, ▪ Protect whistleblowers; provide compensation or reinstatement in case they suffer victimisation or retaliation for disclosing the information, ▪ Increase public accountability and awareness by publishing programme plans, budgets and expenditure, ▪ Mobilise political will to fight corruption (valid for all forms of corruption).

	<p>Procurement in conjunction with school construction, infrastructure and maintenance, and provision of furnishings, equipments, meals, school uniforms, teaching and learning materials etc.</p> <p>Before contracts are awarded:</p> <ul style="list-style-type: none"> ▪ Potential contractors attempting to influence potential clients illegally (e.g. kickbacks) in order to eliminate competitors who might have submitted a more attractive offer, ▪ Awarding contracts without tendering, ▪ Influencing the terms of tendering specially tailored to certain bidders. <p>After contracts are awarded:</p> <ul style="list-style-type: none"> ▪ Disregarding contractually agreed conditions, ▪ Disregarding contractors who do not meet the stipulated quantities and quality, ▪ Avoiding controls. 	<p>Access Quality</p>	<ul style="list-style-type: none"> ▪ Inadequate legal basis to ensure fair competition in awarding contracts, ▪ Inadequate expertise, in particular in the fields of planning, tender evaluation, and monitoring and evaluation after contracts are awarded, ▪ Inadequate internal and external supervisory, control and complaints mechanisms or non-appliance of existing regulations, ▪ Non-requirement to disclose the state of affairs, procedural issues etc. to auditors, complainants and the general public, or at least not completely. 	<ul style="list-style-type: none"> ▪ Develop and enforce laws on public procurement and procedural guidelines in line with international standards to ensure that public contracts are placed in an efficient and fair manner, ▪ Strengthen planning and managerial capacities in the procurement system, ▪ Establish external and internal supervisory and control systems and mechanisms to handle complaints, ▪ Establish a central, internal supervisory body that is responsible for comparing tenders and awarding contracts, ▪ Improve stock control by introducing a coherent manual system and subsequently a computerised stock control system; and by improving requirements for packaging, labelling and delivery procedures in procurement, ▪ Improve communication and documentation systems, the concomitant disclosure of information vis a vis auditors, complainants and the general public, ▪ Strengthen the legal, procedural and executing organisation basis for the systematic, institutionalised involvement of civil society organisations in external and internal monitoring structures, ▪ Promote integrity in the private sector, and blacklist the companies that are involved in malpractice, ▪ Protect whistleblowers and provide compensation or reinstatement in
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	<p>Favouritism, nepotism, bribes and criteria bypass in recruitment, job allocations, transfers, and promotion decisions regarding administrative staff and teachers</p>	<p>Access Quality</p>	<ul style="list-style-type: none"> ▪ Unclear criteria and procedures regarding recruitment, appointments and promotion, ▪ Absence of supervisory and control mechanisms, or inadequate implementation of such mechanisms, ▪ Absence of developed methods for recording and reviewing performance, or not using the existing methods, ▪ Lack of transparency in remuneration, not being based on performance and not acting as an incentive since it is generally very low. 	<p>case they suffer victimisation or retaliation for disclosing the information.</p> <ul style="list-style-type: none"> ▪ Develop well-defined criteria, guidelines and standardised procedures for recruitment, appointment and promotion, ▪ Ensure transparency in appointments, promotion and remuneration (e.g. develop a transparent system of annual performance reviews), ▪ Improve appointments and promotion through appropriate job descriptions and job profiles, and disseminate them through workshops/training, ▪ Develop and enforce codes of conduct as well as anti-corruption legislation and guidelines, ▪ Set up monitoring and evaluation systems, ▪ Advertise vacancies publicly, ▪ Document the selection process, ▪ Publish personnel decisions, ▪ Provide better career structure for teachers and administrative staff, and incentives for qualifications. ▪ Establish an appeal or tribunal system for appointments and promotions so that candidates would have an opportunity to redress wrong-doing, ▪ Protect whistleblowers; provide compensation or reinstatement in case they suffer victimisation or retaliation for disclosing the information,
	<p>Criteria bypass, bribes or favouritism in private school establishment, accreditation and subsidies allocation</p>	<p>Access Quality Equity</p>	<ul style="list-style-type: none"> ▪ Lack of clear, well-defined administrative procedures and regulations, ▪ Lack of an adequate accreditation system, ▪ Lack of or inadequate enforcement of 	<ul style="list-style-type: none"> ▪ Establish simplified, transparent administrative procedures within the Ministry of Education, ▪ Establish an accreditation board

<p>Region/ District Level</p>	<p>Requiring payment for services that should be provided free</p> <p>Withholding needed approvals and signatures to extort bribes (e.g. gifts, favours, outright payments)</p> <p>Directing the location of construction and services to locations that offer opportunities for gain by oneself, family, or friends</p> <p>Requiring the use of materials as a way of creating a market for items on which oneself, family or friends hold an import or production monopoly</p> <p>Favouritism, nepotism, bribes and bypass of criteria in specific allowances and fellowships</p> <p>Taking bribes from educators lower in the system seeking to secure opportunity or avoid punishment</p> <p>Embezzlement or leakage of MOE funds allocated to schools,</p>	<p>Access Equity</p> <p>Access</p> <p>Quality</p> <p>Quality</p> <p>Access Equity</p> <p>Quality</p> <p>Access Quality</p>	<p>Absence of supervisory and control mechanisms, or inadequate implementation of such mechanisms,</p> <p>Lack of clear, well-defined administrative procedures and regulations,</p> <p>Lack of or inadequate enforcement of professional code of conduct,</p> <p>Inadequate salaries or their irregular and/or delayed payment,</p> <p>Cultural factors (exchange of gifts, nepotism etc.).</p>	<p>subject to internal and external controls, that would lay down standards for private education establishments and monitors compliance,</p> <ul style="list-style-type: none"> ▪ Open up the decision making process to scrutiny, ▪ Protect whistleblowers; provide compensation or reinstatement in case they suffer victimisation or retaliation for disclosing the information. <ul style="list-style-type: none"> ▪ Develop clear rules, regulations and procedures and provide adequate training on them, ▪ Open up the decision making process to scrutiny, ▪ Develop professional code of conduct, ensure its wide dissemination and enforce it in a consistent and effective manner, ▪ Establish sanctions mechanisms and ensure their impartial imposition, ▪ Protect whistleblowers; provide compensation or reinstatement in case they suffer victimisation or retaliation for disclosing the information. <ul style="list-style-type: none"> ▪ Improve financial management capacity, produce regulations and manuals, and provide adequate 	<p>professional code of conduct.</p>
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<p>School Level</p>	<p>Diversion of school supplies to private market</p> <p>Overlooking school violations on inspector visits in return for bribes or favours</p> <p>Bypassing school mapping criteria</p> <p>Ghost teachers and employees</p>	<p>Quality Equity</p> <p>Access Quality Equity</p> <p>Quality</p> <p>Access</p>	<ul style="list-style-type: none"> adequate funding needed for restructuring, Lack of adequate internal and external control mechanisms, Complex and opaque administrative procedures and regulations (hence, difficult to control, leads to a financial jungle in which budgets and transactions can easily be manipulated), Inadequate documentation and reporting requirements. Existence of inefficient information management systems, Weak human resource capacity. 	<ul style="list-style-type: none"> training, Improve monitoring capacity to provide management information on compliance and performance, Develop and apply corruption specific auditing techniques and procedures in line with international standards, Strengthen reporting requirements of local education authorities vis a vis auditing authorities, local parliaments and the general public, publish disbursements to and from all offices, Provide direct funding from the centre to schools to avoid filtering by intermediaries, Improve capacity for handling complaints and investigating corruption when detected, Protect whistleblowers; provide compensation or reinstatement in case they suffer victimisation or retaliation for disclosing the information, Make an accurate estimate of teachers' requirement by region and institution, Check the existing stock of teachers employed and eliminate double counting.
<p>School Level</p>	<p>Embezzlement of central MOE funds allocated to schools, monies in revolving textbook fund, school fees and community contributions etc.; and diversion of school supplies, food etc, received from community or government sources</p>	<p>Access Quality Equity</p>	<ul style="list-style-type: none"> Failure to accompany the moves to decentralise the financing of education with adequate funding needed for restructuring, Lack of adequate internal and external control mechanisms, Complex and opaque administrative procedures and regulations (hence, difficult to control, leads to a financial jungle in which budgets and transactions can easily be manipulated), Inadequate documentation and reporting 	<ul style="list-style-type: none"> Improve monitoring capacity to provide management information on compliance and performance, Strengthen the legal basis and institutional mainstreaming of internal and independent external community-level financial control authorities with clear responsibilities, adequate resources and explicit authority to uncover corruption,

		<ul style="list-style-type: none"> ▪ requirements, ▪ Lack of (or limited) participation of teaching staff, students, parents and other representatives of civil society in the process of financial planning and fund allocation, ▪ Weak human resource capacity. 	<ul style="list-style-type: none"> ▪ Develop and apply corruption specific auditing techniques and procedures in line with international standards, ▪ Strengthen reporting requirements of local education authorities vis a vis auditing authorities, local parliaments and the general public, ▪ Specify procedures in comprehensive guidelines and provide training, ▪ Improve communication and coordination systems, as well as cooperation at community level between education facilities, between local and central levels, auditing authorities, local representatives, public prosecutor's office and the courts, civil society and the media, ▪ Strengthen the control rights and capacities of local representative bodies (e.g. parents' associations), ▪ Strengthen the systematic, procedural and executing organisational basis for the institutionalised involvement of parents', teachers' and students' associations as well as civil society organisations in monitoring, ▪ Protect whistleblowers; provide compensation or reinstatement in case they suffer victimisation or retaliation for disclosing the information.
<p>Favouritism, nepotism and bribes in admissions (especially to higher education)</p>	<p>Access Equity</p>	<ul style="list-style-type: none"> ▪ Opaque admission and selection process, ▪ Lack of reliability of criteria of access to higher education, ▪ Lack of systematic internal/external control, ▪ Lack of adequate information and documentation requirements with regard to selection criteria and concrete decision-making processes, 	<ul style="list-style-type: none"> ▪ Promote awareness raising among parents and students about their rights and obligations, ▪ Strengthen the participation of parents'/citizens in monitoring admission procedures, ▪ Abolish one-off examinations, ▪ Strengthen information and

			<ul style="list-style-type: none"> One-off examination systems for admission to a school or university, Lack of adequate mechanisms for contesting decisions or for their review, 	<ul style="list-style-type: none"> documentation requirements with regard to selection criteria and concrete decision making processes, Computerise decision-making authority among several individuals, Promote mechanisms to handle complaints with the involvement of representatives of civil society.
	<p>Manipulation of data, if funding or job allocation are calculated on the basis of the number of students or are linked to the admission of certain groups (children of poor parents, girls, minorities etc.) or to the examination results of students</p>	Equity	<ul style="list-style-type: none"> Inefficiency of information management systems, Lack of adequate monitoring, control and supervisory systems. 	<ul style="list-style-type: none"> Improve information management systems, Set up adequate monitoring, control and supervisory systems, Protect whistleblowers; provide compensation or reinstatement in case they suffer victimisation or retaliation for disclosing the information.
	<p>Charging illegal fees for admission or other purposes (promotion, examination, books, sports etc.)</p>	Access Equity	<ul style="list-style-type: none"> Inadequate funding of schools and academic institutions, Lack of or inadequate enforcement of professional code of conduct, Lack of specialised supervision and quality management, Inadequate salaries, irregular or delayed payment. 	<ul style="list-style-type: none"> Develop school guidelines and ensure their wide dissemination, Develop professional code of conduct, ensure its wide dissemination and enforce it in a consistent and effective manner, Set up effective complaint mechanisms for students and parents, Ensure adequate funding of schools and academic institutions.
	<p>Siphoning of school supplies and textbooks to local market</p>	Quality		
	<p>Utilising school property for private commercial purposes</p>			
Classroom/Teacher Level	<p>Selling of test scores, course grades, grade cards/certificates, of information about examinations or favouritism, nepotism, academic fraud and bribes concerning these issues</p>	Quality Equity	<ul style="list-style-type: none"> Lack of specialised supervision and quality management, Lack of transparency in certification of examination results, not being based on verifiable criteria, Inadequate documentation or absence of examination requirements, conditions and assessment criteria, Inadequate regulation of examination 	<ul style="list-style-type: none"> Establish technical and human resources infrastructure to improve control measures (verifying the identity of examinees by checking ID cards, encoding the identity of examinees in written examinations, dividing responsibility for warding marks and issuing report cards/certificates with coded

		<p>procedures, Lack of human resources, technical infrastructure and rooms required to ensure the development of fraud-free examinations systems and the conducting of fair examinations, Lack of checks and controls for the authenticity of certificates by institutions and employers, Lack of or inadequate enforcement of professional code of conduct.</p> <ul style="list-style-type: none"> ▪ ▪ ▪ 	<p>identity), Establish examination committees that will lay down procedures to facilitate correct certification, Establish systems of checks and balances in examination, marking and issuing report cards/certificates, Computerise examination system (administration, examination questions, administration of results), Improve documentation and reporting requirements, Develop and enforce a code of conduct for students and a list of possible sanctions, Develop professional code of conduct, ensure its wide dissemination and enforce it in a consistent and effective manner, Set up effective complaint mechanisms for students and parents.</p> <ul style="list-style-type: none"> ▪ ▪ ▪ ▪ ▪ ▪ ▪
<p>Forcing students to take private supplementary tutoring through coercion and/or persuasion (e.g. teaching only part of the curriculum and the rest in the form of private lessons)</p>	<p>Quality Equity</p>	<p>Lack of specialised supervision and quality management, Absence of legal basis to prevent students being forced to take private lessons, or existing legislation is not enforced, Absence of requirements to document the contents and course of lessons or to disclose information relevant for lessons to students and parents, Inadequate salaries, irregular or delayed payment.</p> <ul style="list-style-type: none"> ▪ ▪ ▪ ▪ 	<p>Develop legal rules for private instruction, Stipulate documentation requirements for the subject matter of lessons and the mainstreaming of regular information events for parents, Develop professional code of conduct, ensure its wide dissemination and enforce it in a consistent and effective manner, Integrate issues on teachers' professional conduct into various pre-service and in-service teacher training courses, Set up effective complaint mechanisms for students and parents.</p> <ul style="list-style-type: none"> ▪ ▪ ▪ ▪ ▪

	Selling front row seat in large classes or according privileges to certain students whom they accord preferential access to technical equipment, school library etc.	Equity	<ul style="list-style-type: none"> ▪ Lack of specialised supervision, inspection and quality management, ▪ Lack of or inadequate enforcement of teachers' code of conduct. ▪ Inadequate salaries, irregular or delayed payment. 	<ul style="list-style-type: none"> ▪ Develop professional code of conduct, ensure its wide dissemination and enforce it in a consistent and effective manner, ▪ Integrate issues on teachers' professional conduct into various pre-service and in-service teacher training courses, ▪ Set up effective complaint mechanisms for students and parents.
	Forcing students to purchase certain materials that are copyrighted by the instructor	Quality		
	Forcing children to provide special payments or services (e.g. sexual) or using them as unpaid labour	Quality Equity		
	Teachers' persistent absenteeism (e.g. to accommodate other income producing work)	Quality	<ul style="list-style-type: none"> ▪ Lack of inspection, specialised supervision and quality management, ▪ Lack of or inadequate enforcement of teachers' code of conduct, ▪ Inadequate salaries, irregular or delayed payment. 	<ul style="list-style-type: none"> ▪ Develop professional code of conduct, ensure its wide dissemination and enforce it in a consistent and effective manner, ▪ Introduce incentives to work regularly, ▪ Monitor teacher presence and performance through inspections, ▪ Document and publicise teacher absenteeism in the schools, ▪ Set up control mechanisms by parents associations, ▪ Strengthen mechanisms for dealing with complaints, ▪ Integrate issues on teachers' professional conduct into various pre-service and in-service teacher training courses, ▪ Raise teacher salaries above the poverty line, ▪ Improve working conditions of teachers, e.g. school infrastructure, ▪ Improve teachers' intrinsic motivation to teach through recruiting them locally, training etc. ▪ Provide better career structure for teachers and incentives for qualifications.

Note: The functions and responsibilities referred to in this table can be assumed by officials at different levels depending on the level of decentralisation of the education sector in a given country. In order to avoid repetition, such functions are mentioned only at one level. Hence the reader should keep in mind that similar practices could take place at different levels in different countries. For example, teacher recruitment or appointments can be managed at the central level by the Ministry itself in a centralised system, and such functions can be assumed by regional offices in a decentralised system.

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