

Solomon Islands Education Investment–Primary Schools Operation Grants Review

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Report Title	Education Sector Investment and Reform Programme Primary School Operation Grants Review
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Background

The Ministry of Education and Human Resources Development (MEHRD) is charged with managing Solomon Islands education sector. An Education Strategic Plan 2004-2006 is now being succeeded by the Education Strategic Framework 2007-2015 and the National Education Action Plan 2007-2009. These documents, in conjunction with the Education Act (1991) and various government policy commitments, provide the strategic framework and direction for the activities of the MEHRD. In 2004, a sector-wide programme of support was agreed between MEHRD, New Zealand Agency for International Development (NZAID) and the European Commission (EC), known as the Education Sector Investment and Reform Programme. NZAID committed to four three-year phases of funding through budget support for basic education under the Education Sector Investment and Reform Programme.

The NZAID budget support was targeted towards four main objectives for basic education, one of which was the provision of operational grants to primary schools. The grants are part of the Community Standard for School Funding that the Solomon Islands Government adopted in 1999, but were not implemented until 2005. Of three grants proposed as part of the Community Standard for School Funding, only the quarterly, student-based operations grant has been paid because of funding constraints and the lack of any policy development associated with school grants. NZAID has financially supported the primary school grant through its sector support programmes while the European Union has financially supported the secondary school grant.

Purpose and Objectives

In addition to an examination of accounting processes contracted to PricewaterhouseCoopers, there were two main objectives for this study:

1. to establish the intended and unintended impacts of the Grants to date and the extent to which the funds provided under the Grants are being used for the purpose intended and in accordance with regulations and guidelines
2. to make recommendations to MEHRD and other stakeholders for implementation of the grants in future to maintain and improve where necessary the effectiveness, efficiency and relevance of the grants system.

Main Findings

Weaknesses were identified in the grants process, some minor but others more significant. Many weaknesses arise from inadequate accounting practice and

reporting, most notably in the education authorities. Recommendations related to improved staffing ratios, changes to accounting practice and further training of personnel involved in the grants process have been made.

Of the 107 schools surveyed through interviews and questionnaires, only 13 percent received all four quarterly grants in 2005, 24 percent received three grants, 32 percent two grants, 22 percent one grant and 9 percent no grants. The situation was similar in 2006: 10 percent received all four grants, 25 percent received three grants, 32 percent received two grants, 21 percent one grants and 12 percent no grants. Retirements were not identical to receipts as there was some carryover from 2005 to 2006 and not all funds had yet been retired.

The grants were spent on: books and paper (107 schools); chalk pens and pencils (96 schools); building and ground maintenance (86 schools); teaching aids (charts etc) (79 schools); utilities-power, fuel, telephone (70 schools); furniture (49 schools); and other infrastructure, sports (49 schools). Schools also receive financial and other support from parents and the community, including fees (51 schools), donations (35 schools), general community fund raising (103 schools), grounds maintenance (83 schools) building maintenance (86 schools), and classroom support (57 schools).

From the more qualitative component of the study, it has been found that the grants have produced some positive outcomes. For many schools, particularly in remote and cash-poor communities, the number of children (boys and girls) attending school has increased, although it was not possible to determine the extent to which roll growth can be attributed to the grants. The grant has ensured that the school has the ability to purchase essential resources when required and has given the head teacher the ability to make decisions and key learning-related resource purchases. The grant has been received well by schools and their communities. There have also been some unexpected outcomes.

- Head teachers travel to the Education Authority (EA) in the provincial centre to receive the grants as a cheque and deposit them in the school account.
- The trip must be repeated to retire the grant. For remote schools this can be expensive, in money and head teacher time.
- Costs associated with the procurement procedures are high.
- The grant has been a source of tension between some schools and their communities over spending priorities.
- Some schools report a reduction of income as some parents cease paying fees once grants are received.

A less costly way of meeting the requirements of the system could reduce the time commitment. A central purchasing regime was suggested, but this would potentially reduce the benefit of local decision-making on what to purchase to meet student needs. Another option is to make direct credits from MEHRD to school bank accounts, as is already the case for the parallel secondary schools grants scheme. Harmonising the two schemes would reduce compliance costs.

Training and guidance on managing the grants and the roles of head teachers, school committees and communities emerged as a key issue. The grants process is new and while there has been training in both 2005 and 2006, many head teachers are seeking further support. There is a high turnover of head teachers and school committees, so in many schools there are people for whom the grants system and its requirements are new. The system is part of the Community Standard for School Funding policy. In many communities the relationship between the school and community has been strengthened by the grants. In other communities this is not the case and a community awareness programme would be of benefit.

EAs have a significant role in the grants process and they were often identified as an area for enhancement. The EAs have a key role in both delivering and the retirement of the grants. EA success has varied. The appointment of accountants to the EAs will be a significant step forward and they should have a major role in training of both EA and school staff. The appointment procedures have begun in some provinces.

The current school grants system has not allowed for school rolls growth. Little forecasting has been done by MEHRD to determine the effect of this growth. It has significant financial impact. No senior MEHRD staff member has responsibility for the grants schemes. Having someone take up this role, and other forecasting and planning, would greatly assist MEHRD and Solomon Islands Government to budget. Rapid, unplanned growth has an impact on the quality of education. A lack of qualified secondary teachers also means that stronger primary teachers are being used to staff community high schools. A shortage of classrooms means that primary students are losing their rooms to secondary students.

The review recommendations fell into three main areas:

Improved Forecasting and Planning

- take steps to improve the reliability of the information relating to roll numbers in the SIEMIS database
- forecast roll numbers and the consequential costs of the grant scheme be undertaken as a regular part of financial planning and budgeting
- place a moratorium on the opening of community high schools until regulations for opening schools have been developed and implemented
- MEHRD work with EAs and schools to find cost efficient methods for the procurement of resources for schools
- clarify and communicate the policy related to fees to all schools
- MEHRD develop a model policy for schools to adapt to their circumstances that provides schools with a procedure for managing the grant
- create a position at Director level with responsibility for financial forecasting for all budget purposes.

Operation of School Grants Process

- align the primary and secondary school grants schemes by paying the primary school grants directly into the schools' bank accounts
- MEHRD direct credits primary school bank accounts with grant money

- schools retire their grants to regional education officers
- update the manual for schools that provides guidance on the grants system using language appropriate to Solomon Islands
- undertake a community awareness campaign to help communities understand their role in the school funding process
- pay grants twice a year rather than quarterly.

Training and Support in Financial Management

- implement the recommendations contained in the PWC report related to accounting and reporting practices
- provide training appropriate to each school sector and give the accountants appointed to education authorities a training role for schools
- undertake a formal audit of the EAs to ensure that money for grants is fully accounted for and that a regular reporting process is instituted.

A clear list of actions required for MEHRD was also provided.

Key Issues and Learning for NZAID

Grants schemes may not seem as attractive as buildings and books but they offer potential to improve access to education for poor and remote communities.

A poorly designed and managed grants scheme can have negative effects on schools and communities. Sound policy, management and accounting are essential.

Follow-up

NZAID has prioritised and commenced work with MEHRD on the following recommendations:

- NZAID agrees that the primary and secondary school grants schemes be aligned by paying the primary school grants directly to schools (accounts)
- NZAID agrees to discuss with MEHRD the placing of a moratorium on the opening of community high schools until regulations related to opening schools have been developed and implemented
- NZAID is tendering for a one year contract to provide support to the MERHD accounts unit to improve their systems and practice, relating to the recommendations contained in the PWC section of this report
- NZAID agrees to prioritise in discussions with MEHRD the idea of a formal audit of the EAs to ensure that money for grants is fully accounted for and that a regular reporting process of the EAs to MEHRD is instituted
- NZAID agrees to follow up with MEHRD discussions on a central procurement system (considering positive and negative effects) as any change along these lines should be clearly thought through.