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Governance and education inequality in Bangladesh

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Governance and education inequality in Bangladesh

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Abstract

Bangladesh has made remarkable progress in increasing education access in the last 20 years. However, substantial inequalities in educational attainment remain even though equity in education is a central government objective. The paper argues that weaknesses in education sector governance are crucial to understanding these persistent inequalities. At the level of the budget, anti-poor biases in allocation decisions are shown to be the result of the budget's role in political management and the lack of effective accountability mechanisms. The spearhead of government attempts to address education inequality at the primary level has been the conditional cash transfer programme for poor children. The paper shows that the programme has failed to target the poor and suggests that this has been due to weaknesses and contradictions in the governance of the programme. Strengthening the links between policy and implementation through improvements in the governance of the sector are crucial if inequality is to be addressed and national education goals achieved.

1. Introduction

In Bangladesh, governance has consistently been a central concern for government, civil society and the aid community. The recent State of Governance report neatly encapsulates widely held views of governance in Bangladesh.

'Political turmoil and violence, the politicisation of the public administration and concerns that corruption obstructs private sector investment and public service delivery are key elements of what is widely deemed a 'crisis of governance.'

(Centre for Governance Studies 2006)

The ongoing suspension of democratic institutions and Bangladesh's persistently poor showing in corruption and governance rankings reinforce these concerns. Since its inception in 2004, Bangladesh has consistently ranked in the bottom 20% of countries included in Transparency International's corruption perception index. In addition, the latest round of the World Bank's governance indicators project, Bangladesh ranks in the bottom quarter of countries on a number of different governance indicators including political stability, government effectiveness and the control of corruption (Kaufmann, Kraay, and Mastruzzi 2008).

Despite the weak governance and poor quality of public institutions identified by these studies, Bangladesh has experienced healthy economic growth and large reductions in poverty; the poverty headcount rate declined from 57% to 40% between 1991/92 and 2005 (Mahmud, Ahmed, and Mahajan 2008; World Bank 2008). Changes in the social sectors have been no less impressive and have been driven by improved levels of income as well as innovative public policy. Enrolment in primary and secondary education expanded rapidly during the 1980s and 1990s partly as a result of the introduction of conditional cash transfer schemes. These improvements, however, have not led to systematic improvements in equity (World Bank 2008). In education, enrolment disparities have narrowed but remain large and progress on improving equity in attainment has been slow.

Table 1 shows that in 2005, primary net enrolment rates were 14 percentage points lower for the poor compared to the non-poor in Bangladesh.¹ Inequality in enrolment widens as children move up the education system with children in non-poor households twice as likely to be enrolled in secondary school as their poor counterparts (see Table 1). This is partly due to higher primary school completion rates among non-poor children. Access to tertiary education is heavily restricted but inequalities continue to widen; non-poor households are 6 times more likely to be enrolled in post-secondary than children from poor households. Given the strong link between livelihood opportunities and levels of education these widening gaps in education are likely to exacerbate broader inequalities

¹ It is also the case that gaps in primary and secondary enrolment rates since 2000 have remained unchanged (see Al-Samarrai 2007a).

in society. And without effective public policy interventions, these patterns will persist across generations.

Table 1: Education indicators in Bangladesh 2005²

| | Poor | Non-poor | Total | %’ge difference between poor and non-poor | %’ge point difference between poor and non-poor |
|--|------|----------|-------|---|---|
| Primary net enrolment rate (%) | 61 | 75 | 68 | 23 | 14 |
| Secondary net enrolment rate (%) | 28 | 56 | 45 | 100 | 28 |
| Higher secondary net enrolment rate | 3 | 12 | 9 | 300 | 9 |
| Tertiary net enrolment rate (%) | 1 | 7 | 5 | 600 | 6 |
| %’ge of 15-19 year olds completing primary | 58 | 81 | 74 | 40 | 23 |
| %’ge of 20-24 year olds completing secondary | 8 | 33 | 25 | 313 | 25 |

Source: Al-Samarrai (2007a)

Note: Children are defined as poor if their household’s consumption per capita falls below the 2005 poverty line.

The paper argues that education inequality, particularly at the primary level, has been the result of poor governance. In particular, it argues that efforts aimed at addressing equity have been unsuccessful because of the diversion of resources intended for the poor as well as anti-poor biases in resource allocation and policy implementation. The next section explores how governance and in particular issues of capture and bias impact on educational inequality. These issues are analysed by focussing on two areas of education sector governance that have a large impact on inequality; the budget process and the primary education stipends programme. The section shows that biases in the decision making process and weaknesses in accountability institutions result in resource allocations favouring the non-poor. By looking at the institutions responsible for its implementation, the section also explores why the primary stipends programme has had a limited impact on inequality. Section 6 concludes.

2. The impact of governance on inequality in the education sector

What accounts for the levels of education inequality outlined in Table 1? Primary and secondary education provision in Bangladesh is largely financed by the government and delivered through a combination of government and regulated private schools. Therefore sector governance and government education policy in particular, are likely to have important consequences for educational access and quality. Given the greater reliance of

² In Bangladesh, primary schooling begins at the age of 6 and lasts for five years. Secondary schooling lasts for a further five years and at this stage students sit for the Secondary School Certificate (SSC). Higher secondary schooling lasts for a further two years and leads to students sitting the Higher Secondary Certificate (HSC).

poor households on government services it is also likely that poor governance will have a disproportionate effect on the poor and will be important in explaining levels of education inequality. Wider inequalities in society also impact on the school system and partly determine patterns of education inequality. For example, the direct and opportunity costs of school attendance act as significant barriers for poor households (see for example, CAMPE 2000;2001;FMRP 2005;2006). However, as the case of Bangladesh shows it is possible for education policy to address these constraints by, for example, offering cash transfers for children's schooling. The extent to which these policies are successful will in part be based on governance issues around their design and implementation. Poor education sector governance and its subsequent impact on education inequality is driven by two main factors; capture and bias (Goetz and Jenkins 2005). Capture is closely related to corruption but includes pressure faced by public officials to act illegally even if they do not directly benefit. Bias relates to anti-poor decision making that leads to the exclusion or disadvantage of the poor and other marginalised groups.

Capture in the education sector has a large impact on inequality because it tends to be more detrimental to the poor than the non-poor. Goetz and Jenkins (2005) identify three main areas where capture has a greater impact on the poor and may lead to widening inequality. Firstly, where corrupt practices lead to the diversion of resources, the poor are less likely to be in a position to substitute their own resources for misappropriated government resources. For example, non-poor households are more likely to be able to afford private tuition to substitute for unauthorised teacher absence compared to non-poor households. In Bangladesh, primary school students from the wealthiest households are 2-4 times more likely to pay for extra tuition compared to the poorest students (FMRP 2006). Poor households also have fewer exit options from the government supported education system and will therefore be more affected by declines in access and quality associated with corruption. Secondly, the poor are in a weaker position in society as a whole compared to wealthier households and this makes it less likely that they will resist and expose corruption in the education sector. This lack of power also means they are more likely to face informal payments to access education services. Finally, capture strengthens the position of local elites because they are often the direct beneficiaries. This tends to further reinforce the wide differences in education and livelihood opportunities of the poor compared to the non-poor.

Capture and corruption relate to the clear abuse of public office. Bias, on the other hand, is not the illegal use of office for private gain but allocative or regulatory directives that disadvantage particular groups within society. For example, government decisions can favour secondary over primary education resulting in an implicit resource bias favouring wealthier households due to their greater use of post-primary education services. Goetz and Jenkins (2005) also highlight that accountability institutions are often biased against poor and disadvantaged groups or completely lack mechanisms through which disadvantaged groups can seek redress. In addition to this implicit bias, reporting structures within bureaucracies often fail to protect the poor because concerns about inequality or protecting disadvantaged groups are not explicitly identified or prioritised. Table 2 outlines examples of capture and bias common in the education sector.

Table 2: Examples of poor governance in the education sector

| Process/inputs | Capture/corruption | Bias |
|---|--|---|
| Budgetary process | <ul style="list-style-type: none"> • Corruption in other sectors reduces the total government budget and subsequently resources available for education. • Reduces the overall resources available to education and likely to affect the poor more because they are less likely to be able to substitute these resources with private spending. | <ul style="list-style-type: none"> • Policies and resource allocations are biased in favour of the non-poor and there is no system to identify allocation inequalities. • Poor receive less government resources per capita than non-poor. |
| Construction and maintenance | <ul style="list-style-type: none"> • Direct misappropriation of resources as well as contractors using fewer or poorer quality materials for construction and maintenance. • Procurement anomalies. | <ul style="list-style-type: none"> • Allocation rules disadvantage poorer groups (e.g. government schools receive more support but poor more likely to attend non-government schools). |
| Teachers and teaching | <ul style="list-style-type: none"> • Ghost teachers and sub-contracting. • Teacher salary skimming. • Recruitment of unqualified teachers. • Unauthorised absenteeism • Private tuition and potential adverse incentives for teachers to teach full curriculum. • Informal payments for appointment, transfer and promotion. | <ul style="list-style-type: none"> • Examinations lead to a focus on students that perform well and often advantage wealthier students who are also more likely to receive private tuition. • No procedures or training to address slow learners. |
| Targeted conditional cash transfer programmes | <ul style="list-style-type: none"> • Ghost beneficiaries. • Skimming. • Receiving support despite not fulfilling criteria (both school and individual). • Pressure on stipend administrators by outsiders to enrol non-targeted students. • Informal payments to participate on programme and receive stipend. | <ul style="list-style-type: none"> • Rules of receiving support biased towards non-poor (e.g. examination results, attendance etc.). |
| Other school inputs | <ul style="list-style-type: none"> • Leakage of school inputs (e.g. selling of government provided textbooks on open market). • Informal payments to access education provision (e.g. admission procedures etc.). • Informal payments to access each individual school input (e.g. payments for textbooks etc.). | <ul style="list-style-type: none"> • Allocation rules disadvantage poorer groups. |
| Selection and examination | <ul style="list-style-type: none"> • Examination fraud. • Informal payments for examination pass or specific grades. | <ul style="list-style-type: none"> • Absence of mechanisms to select poor students who may not perform as well. |

Capture and bias occur to differing degrees across the whole of the education sector in Bangladesh. However, the education budget process and the primary stipends programme are two areas which have large impacts on education inequality and are the focus of the remainder of this section. The budgetary process translates government education policy into resource allocations. Clearly capture and bias in this process is likely to have far reaching impacts on education inequality. Bangladesh has received worldwide attention for its innovative stipend programmes designed specifically to address education

inequality. At the primary level, the stipends programme aims to improve education outcomes of the poor. Substantial resources are allocated to this programme and is the largest programme addressing education inequality directly. The governance of this programme is therefore an important area to explore in order to gain a fuller understanding as to why persistent inequality remains in the education sector.

The budget process

In Bangladesh, education policy is clearly articulated in the National Strategy for Accelerated Poverty Reduction where it is seen as one of four strategic blocks to foster economic growth and deliver rapid poverty reduction and social development (Government of Bangladesh (GOB) 2005). Within education there is a strong focus on improving equity as well as quality. Programmes are included for poor and disadvantaged children who have either failed in the formal education system or who cannot gain access to formal schooling. Further strategies for addressing education inequality include the continuation of a primary stipends programme for poor children and the introduction of school feeding programmes.

If government policy and objectives on improving inequality were effectively implemented what would government education spending patterns look like? At a minimum, spending would be expected to be distributed equally across the school age population. For example, if poor children represented 50% of the primary school age population they would be expected to receive at least half of the resources. However, if government objectives in terms of improved equity in outcomes were to be fully achieved the poor are likely to require a greater proportion of available resources. Often poor students begin primary schooling at a significant disadvantage because of poor early childhood nutrition as well as limited investments in pre-primary education. This initial disadvantage is compounded during primary schooling as levels of financial and academic support tend to be low. A larger share of government spending on the poor could potentially narrow the gap in education outcomes through, for example, targeted cash transfer schemes, smaller class sizes, catch-up learning and/or better school inputs.

Do government spending patterns reflect the stated goals of the NASPR in terms of education? Table 3 reports the distribution of public recurrent education expenditure in 2005 by education level.³ Despite clearly stated objectives to address inequality, government recurrent spending on education is biased towards the non-poor; 68% of total government spending is devoted to the non-poor despite this group only representing 60% of the relevant age group (i.e. primary to tertiary (6-25) age group).

³ Recurrent spending in 2005 accounted for 70% of total government spending on education the remainder being spent on development projects. Conditional cash transfer programmes make up a considerable component of development spending and will be discussed in the next section.

Table 3: Incidence of public recurrent education expenditure, 2005

| | Primary | Secondary | Higher secondary | Tertiary | Total |
|---|---------|-----------|---------------------|----------|-------|
| Distribution of public recurrent spending | | | | | |
| Poor | 47 | 26 | 11 | 9 | 32 |
| Non-poor | 53 | 74 | 89 | 91 | 68 |
| %'ge of the relevant school age population | | | | | |
| Poor | 50 | 39 | 31 | 33 | 40 |
| Non-poor | 50 | 61 | 69 | 67 | 60 |

Source: Al-Samarrai (2007b)

Government primary education recurrent spending is more focused on the poor than other levels of education but even here spending cannot be said to be pro-poor; 50% of the primary school age population is classified as poor but they only receive 47% of public primary recurrent expenditure. This is a very similar finding to the incidence analysis conducted on the 2000 HIES data (Glinskaya 2005). The gap between the proportion of public spending going to the poor and the poor's share in the population grows as students progress from primary to tertiary education. For example, at higher secondary only 11% of public spending goes to the poor despite the poor representing 31% of the higher secondary school age population.

Why is government spending unequally distributed despite government sectoral objectives on improving equity? Links between sector objectives and recurrent budgeting have historically been weak. In particular resource allocations across and within sectors have been largely based on an incremental budgeting process that uses past allocations as its starting point.⁴ This introduces a substantial amount of sluggishness into the budgetary process that excludes any evaluation of the fit between current spending patterns and stated policy goals. It also results in programmes continuing to receive funding long after their purpose and goals have become obsolete. The planning and budgeting process is further complicated by the existence of two ministries of education. This leads to a lack of coordination in terms of budget prioritisation but also in levels of funding for primary schools that are financed and regulated by both ministries.⁵ For example, per student government funding in registered non-government schools controlled by the Ministry of Education were more than twice as high as those funded by the Ministry of Primary and Mass Education (Al-Samarrai 2007c).⁶

On the recurrent side of the government budget there are no allocation rules or formulae that include specific allocations for the poor or other disadvantaged groups. In some

⁴ The focus here is on the recurrent budget but similar arguments have been made for the development side of the budget by Mahmud (2002).

⁵ Secondary schools and madrasahs with primary sections are funded and regulated by the Ministry of Education (MoE) whereas the remainder of the primary system is funded through the Ministry of Primary and Mass Education (MoPME).

⁶ The comparison is between registered non-government primary schools funded by MoPME and registered non-government madrasahs funded by MoE.

countries, budgetary allocations are determined by a set of rules that include additional allocations for regions and schools that serve poor populations. For example, in South Africa, allocations to schools are based on student numbers and a poverty index which have resulted in more equitable resource allocations (Crouch and Winkler 2007). The absence of similar mechanisms in the budgetary process in Bangladesh makes it difficult to direct additional resources to poorer students. It is also difficult to disaggregate the budget in a way that would allow a meaningful assessment of its targeting effectiveness. For example, allocations to different *upazilas* (sub-districts) which could be correlated with other *upazila* level information to assess the equity of public spending are not published despite being relatively easy to generate from government accounting systems.⁷ The lack of clear rules and mechanisms to track funds therefore makes it impossible to hold government to account for policy aimed at addressing inequality.

The lack of clear and equitable allocation rules, results in the budget process being open to intense lobbying on the part of schools, teachers and parents. This often results in allocation decisions that favour the non-poor. Allocations to government secondary schools provide a good example. Out of the 13,500 institutions offering general secondary schooling, 317 (2%) are run directly by the government. These government schools are often the best schools in local districts and competition for places is fierce. In a recent survey it was found that there were no children from the poorest quintile attending government secondary schools. Conversely, children from wealthier sections of society were overrepresented (FMRP 2005). While government schools only make up a very small part of the secondary education sector they take up a disproportionate share of government allocations to the sub-sector. In 2005, government spending per student in government run schools was Tk. 5,568 (US\$ 87) compared with Tk 1,969 (US\$ 31) in government supported madrasahs where a greater proportion of the poor attend (Al-Samarrai 2007c;FMRP 2005).

Funding at the primary level also varies widely depending on the type of school children attend.⁸ The two main providers of primary schooling in Bangladesh are government schools and registered non-government schools which in 2005 accounted for 58% and 22% of total recognised primary school enrolment respectively. In 2005, per student government spending in government primary schools was more than twice the amount provided by government to registered non-government primary schools. While the evidence is fairly limited it does suggest that wealthier students are more concentrated in better funded government schools compared to their poorer counterparts and this skews public spending in favour of the non-poor (FMRP 2006).⁹

⁷ Al-Samarrai (2007b) showed that the correlation between district poverty rates and government allocations to education in 2005 were very weak. For example, the correlation coefficient at primary was 0.11.

⁸ The incidence analysis reported in Table 3 does not account for differences in school attachment because of data limitations. Some further work has been done which suggests that the distribution of public spending shifts further away from the poor when school attachment is taken account of. For full details of the limitations and this additional work see Al-Samarrai (2007b).

⁹ It should be noted that primary schools are not allowed to charge student fees with the exception of examination fees. This results in registered non-government primary schools relying heavily on government support and to a much lesser extent community contributions.

Why do these anti-poor biases exist in government spending decisions? The budget and the control of resource allocations is an essential component of political management (Mahmud 2002). Control over which private schools are recognised to receive state funds is an important aspect of local political patronage crucial to maintaining political power. These political considerations result in a skewed distribution of public spending and wide variations in levels of school supply and quality which cannot be explained from a technical viewpoint. In 2005, the average number of secondary school age students per secondary school ranged across divisions from 717 in Khulna to 1,352 in Sylhet. The importance of central control of the education budget is further highlighted by strong resistance to calls for decentralisation to improve the responsiveness of the budget to differing education needs across the country. This has been demonstrated in the current primary education development programme where plans to implement a school controlled grant have been met with substantial resistance from the government.¹⁰ Central control over teacher recruitment and deployment is also crucial for maintaining political power as teachers act as polling officers during local and national elections.

Corruption can also lead to the diversion of government education resources and is likely to impact the poor disproportionately. Detailed public expenditure tracking surveys have been recently conducted in Bangladesh which found that on the recurrent side of the education budget there is relatively little leakage of resources (FMRP 2005;2006). This evidence suggests that biases in the allocation of resources, rather than capture, are likely to be more important in explaining the role of the budgetary process in perpetuating education inequality.

The weakness of the budgeting system to effectively prioritise education inequality is further compounded by the weakness of accountability institutions. The lack of transparency in terms of government resource allocations weakens accountability considerably as it is impossible to ascertain whether government allocations are in line with stated policy goals. Parliament scrutinises the budget before it approves it but delays in expenditure reporting and the substantial reallocations that occur when the budget is revised in the middle of the financial year mean that its role is seriously circumscribed. Furthermore, the development budget which contains the thrust of government development policy, is not approved by Parliament and therefore seriously curtails its accountability role. A key institutional arrangement to ensure accountability is the Parliamentary Public Accounts Committee. However, this has been ineffective because there is a considerable backlog in discussing audit reports and sanctions are typically weak (Mahmud 2002;World Bank 2007).¹¹

In recent times the budgetary process in many countries has been opened up to increased scrutiny and debate by the media and civil society groups. The role that these groups play is often seen as a crucial component in improving government accountability as well as increasing the voice and influence of disadvantaged groups (e.g. poor, women, children

¹⁰ At the time of writing UNICEF were introducing school grants as a pilot project rather than as a centrally financed initiative.

¹¹ Since 1971/72 less than 20% of the 770 audit reports submitted to Parliament have been discussed.

etc.) in the budgetary process (Robinson 2006). Civil society groups rarely have a direct role in the process and mainly operate by publicising and raising concerns about budget allocations and implementation directly to legislators, other formal accountability institutions (e.g. auditor general's office) as well as through the media. Despite these limitations Robinson (2006) demonstrates that in some countries they have had significant impacts on altering budgetary allocations in favour of the poor.

The impact of civil society and the media in monitoring the budget process in Bangladesh appears mixed.¹² While the impact of civil society groups on the budget process has not been evaluated systematically they do appear to have had some success in raising awareness of the importance of the budget as a key vehicle for translating government policy into action.¹³ However, the lack of any significant changes in the proportion of the government budget devoted to education or its distribution suggests that the role of these groups in addressing education inequality remains relatively weak. This is mainly the result of a focus on overall budget allocations rather than specific interventions in any sector. However, even when education policy is a specific focus the analysis is often inadequate. For example, in the 2008-09 budget the government introduced a secondary school stipends scheme for boys. In their post-budget analysis both the Centre for Policy Dialogue and *Shamunnay* have been supportive of this new project even though they have not assessed whether the scheme fits with government objectives in the education sector and its focus on inequality (Centre for Policy Dialogue 2008; Rahman 2008).

The budgetary process clearly makes it difficult to effectively translate government policy into resource allocations. This is due in part to the use of incremental budgeting, the overlapping functions of the two education ministries and the limited information available to decision makers on levels of inequality. However, the allocations also result from implicit biases in the budget process that have the effect of concentrating resources towards particular parts of the country and to the non-poor (e.g. allocations to different types of schools etc.). The lack of transparency in the budgeting process and in particular the lack of timely information has also limited the impact civil society and the media has had on holding government to account.

Primary education stipends programme

Since the mid-1980s conditional cash transfer programmes have been a key strategy for tackling educational inequality and over time have expanded to cover all levels of pre-tertiary education. At the primary level, the main objectives of the stipend scheme is to increase enrolment and completion rates, establish equity in financial assistance for students and improve the overall quality of primary education (DPE 2002).¹⁴ The

¹² A distinction is made between civil society groups using budget analysis for policy advocacy and those that campaign more generally for education (e.g. The Campaign for Popular Education). The former group are the focus in this section.

¹³ The Centre for Policy Dialogue and *Shamunnay* are two groups active in this area producing a post-budget analysis as well as organising roundtable discussions throughout Bangladesh.

¹⁴ The primary stipends programme was introduced in 2003 and replaced two earlier projects; the food for education (FFE) programme which began in 1993 and the primary education stipends project introduced in 2000 in areas outside of the FFE programme.

programme covers up to 40% of rural students attending primary schools receiving government support. In 2004/05, 19% of government primary education spending went on the primary stipends project (Al-Samarrai 2007c).

Children attending schools not recognised by government (e.g. NGO schools and some madrasahs) and those living in urban areas are excluded from the stipends scheme. Programme selection is based on selecting the most needy amongst students with at least one pre-defined poverty attribute.¹⁵ The selection process is decentralised and undertaken by individual school managing committees with approval from the *upazila* head of government administration (*nirbahi* officer) and the *upazila* education officer. In 2005, approximately 4.6 million students participated in the primary stipends programme (DPE 2006b). To be eligible for a stipend payment, the card holder must achieve a minimum score of 40% in the end-of-year examination. With this condition satisfied payments are based on the number of months an individual achieves an attendance rate above 85%. Primary stipend payments represent a substantial subsidy for primary education and for poor households not only cover the direct costs of schooling but contribute to reducing the opportunity costs associated with primary school attendance (Al-Samarrai 2007b).¹⁶

A recent study showed that the programme had resulted in a 14 percentage point increase in enrolment (Ahmed 2005). While the impact this increase has had on inequality has not been explored the raw trends suggest a somewhat muted effect; inequalities in access between the poor and non-poor did not decline significantly between 2000 and 2005 (Al-Samarrai 2007a; World Bank 2008). An important reason for its rather limited impact on inequality rests with problems associated with targeting that are not uncommon to anti-poor programmes more generally.

The exclusion of urban schools, NGO schools and most madrasah students implies that a substantial proportion of poor children are not covered by the programme.¹⁷ Despite relatively high levels of urban poverty it has been common for social safety nets in Bangladesh to focus on the rural population. This partly reflects a political consensus that poverty is mostly a rural issue and that the rural poor are more deserving of support than the urban poor (Hossain 2007; World Bank 2006). It also reflects a fear of encouraging rural-urban migration which led in the past to the withdrawal of other safety net programmes in urban areas as well as increased urban support for rural-only programmes (Hossain 2007).

Official explanations for the exclusion of children attending NGO and private schools revolve around the lack of direct government control over these schools and their

¹⁵ Poor households are defined in the project pro-forma as female-headed households, households of day labourers, households of insolvent professionals and households with less than 0.5 acres of land (DPE 2002).

¹⁶ There is also evidence to suggest that poor stipend holders spend more on education than poor non-stipend holders although these differences may be quite small (FMRP 2006a).

¹⁷ Independent ebtadayee madrasahs that only offer primary grades are included in the programme whereas Dakhil and higher level madrasahs are excluded even though they include ebtadayee sections. In 2005, independent ebtadayee madrasahs enrolled 850 thousand students compared to 1.1 million students in higher madrasahs (DPE 2006a).

delivery of non-approved curricula. However, their exclusion has also introduced incentives for households to shift their children into government recognised schools which serve wider government objectives related to their competition with NGOs to offer basic services. Although similar arguments could be made regarding excluded madrasah students, this seems more directly a result of a split in responsibility for education between primary and post-primary. Higher level madrasah students fall outside of the responsibility of the Ministry of Primary and Mass Education and hence the primary stipends programme.¹⁸ Given the importance of both NGOs and madrasahs in providing education to poorer groups in rural areas these exclusions have a significant impact on the programmes ability to narrow inequality.

Table 4: Primary stipend participation rates and incidence of programme expenditure, 2005

| | Quintiles | | | | | poor | Non-poor | male | female |
|---|-----------|-----|-----|-----|-----|------|----------|------|--------|
| | 1 | 2 | 3 | 4 | 5 | | | | |
| Stipend participation rates (% of all students attending eligible schools) | | | | | | | | | |
| Primary | 28 | 27 | 26 | 20 | 12 | 27 | 21 | 22 | 26 |
| Stipend participation rates (% of all stipend holders in each group) | | | | | | | | | |
| Primary | 28 | 27 | 24 | 15 | 6 | 55 | 45 | 47 | 53 |
| Per-student average annual stipend payment (Tk.) | | | | | | | | | |
| Primary | 808 | 839 | 861 | 885 | 878 | 823 | 871 | 836 | 852 |
| Incidence of stipend project expenditure (%) | | | | | | | | | |
| Primary | 27 | 27 | 24 | 16 | 6 | 54 | 46 | 46 | 54 |

Source: Al-Samarrai (2007b)

The limited impact on inequality is also the result of poor targeting within the areas the programme operates in. The programme aims to target the poorest 40% of students in areas where it operates which approximately corresponds to the proportion of the rural population living below the poverty line in 2005.¹⁹ However, Table 5 shows that over 45% of participants lived in non-poor households and outside of the target group. This results in 46% of stipend resources being captured by the non-poor (see Table 4).²⁰ What accounts for this poor targeting? Part of the explanation lies in the design of targeting rules which permit schools in relatively affluent areas to participate in the programme. These schools may have very few poor students and therefore stipends are awarded to the non-poor.²¹

¹⁸ The secondary school stipends programme includes all madrasah students and suggests that primary students in these institutions are not being excluded for any other reason.

¹⁹ In 2005, 44% of the rural population lived below the poverty line compared with 28% of the urban population (World Bank 2008).

²⁰ Similar results on the targeting of the primary stipends programme have been found by Ahmed and Sharmeen (2004) and FMRP (2006).

²¹ This also means that fully assessing the targeting efficiency of the programme is difficult as information on the socioeconomic composition of each school's student population would be required. However,

It is also the case that the selection of beneficiaries at the school level tends to result in mistargeting. The FMRP study asked school managing committee chairpersons how they selected stipend participants. While it was common for official selection criteria to be used the study also found that 60% of school managing committees selected talented students to participate in the stipend scheme (FMRP 2006). Selecting talented students favours the more affluent and leads to the capture of substantial government resources. At the school level, however, this biased selection process is often seen as a practical response to stipend programme rules. Recent qualitative work highlighted the strong desire by schools to try and maximise the number of children who receive payments. Selecting the poorest students would likely reduce the overall annual stipend payments because of their poorer attendance and examination performance (FMRP 2007).

Formal accountability mechanisms designed to ensure that the most needy students are selected are weak. The *upazila* education office plays a central role in holding schools and their SMCs to account for stipend selection. However, this is a very difficult task given the opaqueness of selection criteria. For example, a child may be eligible for the programme in one school but ineligible in a neighbouring school because the two schools have different student poverty profiles. Furthermore, understanding who is the poorest and most deserving of two students with similar observable characteristics requires local knowledge and further complicates outside monitoring. While there are no formal accountability institutions that parents can use if they feel that selection has been unfairly carried out, complaints to the school and the local education administration can be made. But these efforts cannot be described as an effective means for ensuring that selection is carried out fairly. Parents have an incentive to ensure that their children are selected for the stipend programme and by consequence others are excluded preventing any collective action on the part of parents.²²

The impact of the stipends programme is further compromised by the lack of adherence to programme criteria for awarding stipend payments. Part of the explanation for high drop-out rates amongst poor students shown in Table 1 is the limited instructional time available in primary schools. This is further exacerbated by student absenteeism and the inability of most poor households to supplement school time with private tuition. The stipend programme attempts to address these constraints by setting attendance criteria and establishing incentives for poor households to help their children pass annual examinations and progress to the next grade. However, stipend payments are often made even when these criteria are not met. In a detailed examination of the stipend programme in 2005 it was found that attendance figures were exaggerated for a third of eligible stipend holders. This resulted in students receiving higher stipend payments than their true attendance record implied. In addition, 7% of beneficiaries received payments despite failing the last annual examination (FMRP 2006). This misreporting by schools

more detailed work looking at targeting at the *mauza* level (village level) supports the findings reported here (see Al-Samarrai 2007b)

²² This is particularly the case where there are a greater number of eligible students than there are stipend cards to distribute.

not only resulted in the misallocation of a fifth of all government stipend spending but also eroded incentives for regular attendance and improved performance.

While there is substantial misallocation of resources there appears to be relatively little evidence of direct misappropriation. The FMRP expenditure tracking survey found that less than 5% of stipend funds were unaccounted for when recorded payments were compared to amounts received by beneficiaries (FMRP 2006). Discrepancies arose because some beneficiaries reported that they had not received their full entitlement as well as payments to ‘ghost’ beneficiaries.²³ On the whole, informal charges for programme participation and quarterly stipend payments were rare (see Table 5). However, poor households tend to incur these charges more frequently and tend to pay more on average than wealthier households. For the quarterly stipend payments, 9% of poor households said that they had made a payment of approximately Tk. 27 (approximately 10% of the maximum quarterly stipend payment. It is possible that the poor have to pay for services more frequently because of their weaker social position and limited ability to utilise social networks to protect themselves against these charges.

Table 5: Informal payments on the primary stipend programme by quintile, 2005

| | | Quintiles | | | | | Total |
|---------------------------|--------|----------------|----|----|----|----------------|-------|
| | | Poorest 20% | 2 | 3 | 4 | Richest 20% | |
| Obtaining stipend card | %ge | 7 | 3 | 3 | 2 | 1 | 3 |
| | amount | 48 | 38 | 73 | 20 | 22 | 47 |
| Obtaining stipend payment | %ge | 9 | 7 | 7 | 5 | 2 | 6 |
| | amount | 27 | 16 | 25 | 9 | 8 | 19 |

Notes: Only includes households with stipend holders attending government or registered non-government schools.

Source: Author’s calculations from SSPS primary education dataset (FMRP 2006)

There are four main accountability institutions that govern the stipend programme; financial oversight through the auditor general’s office, reporting structures within the education administration, school managing committees (SMCs) and parent teacher associations (PTAs). A crucial component for effective accountability is that information used to allocate resources is readily available (Goetz and Jenkins 2005). In the case of the stipends programme, information on student attendance and examination performance is readily available and generally reliable. For example, the results on the misallocation of stipend resources reported in the FMRP study were based on verified information contained in school attendance and examination registers readily available in most

²³ Ghost beneficiaries were of two types; payments to students who did not have a stipend card and payments to beneficiaries who were not enrolled in the school making the payment.

schools.²⁴ Despite the availability of this information the widespread flouting of the payment criteria is evidence that accountability institutions are often ineffective.

On the whole the stipend programme bypasses the public expenditure management system because it uses the commercial banking system to make payments to beneficiaries. Although there are some issues surrounding the transparency of the disbursement system at the *upazila* level it appears to work well (FMRP 2006). *Upazila* education offices, central to the allocation of stipend resources, are audited regularly by the auditor general's office but these audits generally do not include development projects such as the stipend programme. While there are separate arrangements for auditing development projects, these are generally designed for projects financed with foreign aid. As the stipends project is a government funded programme project audits are rare. In the FMRP survey, only 3% of *upazilas* reported that their last project audit included the stipends programme (FMRP 2006). Given the relatively limited number of development projects this suggests that it was rare for the stipends programme to be audited.²⁵

Upazila offices hold schools, and in particular, the headteacher and the SMC accountable for the administration of the stipends programme. Why do these offices ignore the readily available information on the discrepancies between recorded attendance and examination performance? There is a common perception across the administration that the stipend programme is an important component of the overall social safety net and criteria for payment should not be administered too strictly. While there are strong arguments for unconditional support for the poor it is unclear how these same officials square this view with the poor targeting of the stipends programme.

There are few incentives to ensure criteria used to allocate stipend resources are adhered to. Firstly, it is not possible for local education offices or schools to utilise unspent stipend resources on other aspects of the education system.²⁶ Secondly, common with other parts of the civil service, sanctions for bad behaviour are rarely imposed and are on the whole extremely weak. In the FMRP survey, 65% of *upazila* education offices had taken some form of disciplinary action against teachers in the last 12-18 months.²⁷ However, only 13% of the most recent cases were for falsifying records (e.g. stipend records) and the disciplinary action fell short of dismissal in all cases.²⁸

²⁴ The attendance data was shown to be relatively reliable by checking attendance registers against headcounts on the first day of school visits and against household responses to absences in the week prior to the interview (FMRP 2006).

²⁵ Only six development projects were routinely mentioned with the IDEAL (UNICEF supported) project the most commonly audited.

²⁶ This is also the case at the national level. Unspent stipend allocations are returned to the revenue budget and not to the education sector specifically.

²⁷ In the FMRP survey, disciplinary action against *upazila* education office staff were even less common with only a quarter of district education offices reporting that they had taken disciplinary action in the last 12-18 months. None of the most recent cases related to falsifying records.

²⁸ It often led to temporary suspension or transfer but it was also common for teachers to receive a written warning or a temporary reduction/suspension of their salary.

In addition to its role in selecting beneficiaries, the SMC is responsible for verifying the attendance and examination performance data used to make payments to beneficiaries. There are potentially greater incentives for the SMC to maximise the total stipend payments for the school rather than limiting payments according to the criteria. Often SMC chairs are drawn from the local elite and in many cases their families were central to the establishment of the school. Their desire to improve services for the local community is unlikely to provide a strong incentive to limit payments on the stipend programme. SMCs also do not have any formal powers to discipline school officials if discrepancies in stipend records are found. Their only recourse is to make complaints to the *upazila* education office which is also limited in its sanctioning power.

Even though many schools have PTAs they have generally been ineffective and are not directly involved in monitoring the implementation of the stipend programme.²⁹ Parental pressure for accountability is likely to focus on the selection of stipend beneficiaries but even here there is little incentive for collective action; parents are likely to be more concerned with their own children's selection rather than to ensure compliance with selection rules. Evidence of the pressure teachers face from individual parents during stipend selection was highlighted in the FMRP report as being widespread. In some cases it resulted in the school's role in stipend selection being obscured from parents (FMRP 2007).

The ineffectiveness of these institutions lessen the programme's impact on inequality considerably. It results in a large proportion of stipend resources being captured by wealthier households and reduces the number of poor students benefiting from the programme. Weak accountability mechanisms also result in stipend payments being made even when students do not satisfy performance and attendance criteria. This seriously weakens the impact the programme has on improving education outcomes and narrowing primary school completion rates between poor and non-poor households.

3. Conclusions

The purpose of the paper is not to play down the remarkable achievements that Bangladesh has made in the social sectors. The female secondary school stipends programme, for example, has been a model for other programmes around the world and has had impacts on gender equality far beyond education. Rather, the paper attempts to understand why inequalities in education can persist despite a stated commitment on the part of government to tackle them. This is not an issue unique to Bangladesh with many other developing countries facing similar or greater levels of inequality in their education systems. The paper has demonstrated that despite being a central goal of government policy, public education expenditure has not prioritised the poor in recent times. Even the large primary stipend programme that aims to address education inequality directly has had limited success at directing resources to the neediest groups. The paper has shown that the limited impact on equity can be traced in part to weaknesses in key accountability institutions at the national and local level.

²⁹ Over 80% of government and registered non-government schools had PTAs which met on average every 3 months (FMRP 2006).

The paper has shown that the link between government education policy objectives and budget allocations are weak. Many of the weaknesses associated with the budgetary process are being tackled as part of ongoing financial management reforms. Medium term expenditure frameworks and their associated budgetary procedures are being introduced to strengthen links between policy and allocations. Transparency in resource allocation and expenditure decisions are also being strengthened by improving accounting and reporting systems. However, whether these technical reforms will lead to real improvements in the resources devoted to the poor will depend on whether government accountability can also be improved. Strengthening the role of the legislature in the budgetary process and improving the capacity of civil society to utilise improved reporting will also be important if inequality in education is to be tackled effectively..

The discussion of the stipend programme has shown that even where programmes have been designed specifically for the poor local accountability institutions have proved largely ineffective in preventing the capture of these resources by the non-poor. Studies have repeatedly shown that targeting on the programme is failing but changes to targeting mechanism have so far not been raised in policy debates. Rethinking targeting design is not hindered by a lack of knowledge on alternative targeting mechanisms. Bangladesh has had many examples of targeted social protection programmes that have been more successful in reaching the poor (see for example, Sulaiman and Matin 2006). While technical solutions may exist, the politics of altering the targeting criteria are likely to provide a much greater constraint. Improved targeting would require better geographical targeting, the inclusion of the urban poor, and a differentiation in the number of beneficiaries across schools. These are all highly contentious areas which would face considerable resistance from groups that would stand to lose their access to the programme. Finding ways to overcome this resistance or ways to work within current constraints are crucial if the programme is to improve equity.

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