

**ADDIS ABABA UNIVERSITY
SCHOOL OF GRADUATE STUDIES**

**THE IMPACT OF THE ABOLITION OF FEES IN
GOVERNMENT PRIMARY SCHOOLS: THE CASE OF
SOUTHERN AMHARA REGION**

**BY
SHIMELIS TSEGAYE**

May, 2000

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REGION.**

**A THESIS PRESENTED TO THE SCHOOL
OF GRADUATE STUDIES
ADDIS ABABA UNIVERSITY**

**IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE
DEGREE OF MASTER OF ARTS IN EDUCATIONAL
ADMINISTRATION**

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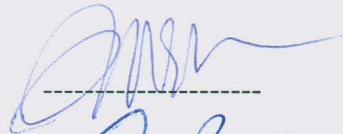
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A handwritten signature in black ink, appearing to read 'Ayalew Shibeshi', written over a horizontal line.

Date of Submission: May, 29, 2000

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ACKNOWLEDGMENTS

First of all, I glorify the Lord for He carried me safe through a series of illnesses that constantly put me to bed during my study including the recent one that occurred at a very critical time of the research writing. In fact, this is not to mean that I take the credit for the rest for it is written “all things were made through Him, and without Him was anything made that was made”.

Then I express my indebtedness to my advisor, Ato Ayalew Shibeshi, for his valuable advice and encouragement. Given his limited time due to his frequent research and academic engagements, his tolerance of my constant visits to his office and his comments of extraordinary insight were very appreciable.

I also express my gratitude to Ato Befekadu Ayele for not only choosing the right tool of analysis but also for his unreserved effort in organizing and arranging the data with the care of a professional.

My heart-felt thanks also go to Ato Getnet Azene, Ato Bogale Dejene, Ato Yohannes Semegne, W/t Bisrat Teka and W/o Simret Solomon for the multifaceted contributions they made towards the realization of the study.

Finally, my humble thanks to my family members for their overall priceless support and for their relentless care during my illness.

ABSTRACT

The measure of school fee-abolition which took effect in some regions like the Amhara region had its own impact on different aspects of the teaching learning process. Investigation of this impact was the main purpose of this study.

The data for the study which covered the southern part of the Amhara region was mainly obtained by means of document analysis with supplementary information gathered using a questionnaire and interview schemes. The data so gathered from 21 schools from North Shoa, South Wollo and Oromia zones by the direct intervention of the researcher were later subjected to a χ^2 -test of independence; the analysis revealed that the fee abolition measure has affected enrollment positively, albeit weakly, while its impact on school revenue and school expenditure was significantly adverse. A number of other factors may have contributed to the stated results.

Moreover, the study found out that the regional government was entirely unable to live up to its promises in filling the revenue gap created due to the abolition . That may not be expected given the current unprecedented budget pressure and fiscal constraint, but one may not stop wondering why the fee-abolition measure was taken, to begin with, in such a state of budget starvation.

In the final analysis, the study recommended that registration fees be reinstated so that the staggering teaching learning process straightens up and that money-starved schools become able to make ends meet with as little further "sacrifices" as possible.

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LIST OF ACRONYMS

AAU :	Addis Ababa University
ADB:	African Development Bank
AREB :	Amhara Region Education Bureau
ESBU :	Elementary School Building Unit
GDP :	Gross Domestic Product
HSIU :	Haile - Sellassie - I University
IDR :	Institute of Development Research
IIEP :	International Institute for Educational Planning
ILO :	International Labour Organization
IMF :	International Monetary Fund
MOE :	Ministry of Education
MOF :	Ministry of Finance
NDR :	National Democratic Revolution
NGO :	Non Governmental Organization
OECD :	Organization for Economic Co-operation and Development
PHRD :	Policy and Human Resource Development
SIDA :	Swedish International Development Authority
TREB :	Tigray Region Education Bureau
UNESCO :	United Nations Educational, Scientific and Cultural Organization.
UNICEF :	United Nations Children's Fund
UPE :	Universal Primary Education
USAID :	Us Agency for International Development.

CHAPTER I

INTRODUCTION

1.1. Background of the study

Nowadays when country-wide as well as international efforts are being exerted to achieve UPE the need for which sprang both from social and pedagogic demands, the expansion of primary education has never gained such an urgency.

However, having the commitment does not suffice a number of factors frustrate the effort one of which -perhaps the most important- being the questions of finance.

The situation becomes even more difficult when one confronts the harsh reality that education is an expensive enterprise and becomes even more so from year to year. Furthermore, today in the context of a dire economic situation caused by the increase in debt-serving, the fall in the prices of raw materials and agricultural products, the evaluation of national currencies, the implementation of adjustment policies, and so on, governments have become unable to continue being the sole financiers of public services.

Needless to say, these problems have more relevance to Ethiopia as a country ranking the 169th out of a total of 174 developing countries in the world in its level of economic development.

Given these states of affairs, the solution at hand seems to be the mobilization of new, non-budgetary resources on top of the existing ones. Among the non-budgetary sources are found school fees which refer to payments made in return for services received in schools.

The single most contentious issue surrounding school fees is whether it is rational to charge fees in government schools especially at the lower levels. Accordingly,

suggestions ranging from free primary education to primary education with pay as well as a discriminatory fee-policy have been put forward. each of the suggestions is supported by well-substantiated arguments with social, pedagogic or political underpinnings.

In Ethiopia, the practice of school fees used to be limited mostly to registration fees, sports fees, text book fees, instruction material fees, and uniform fees (World Bank, 1998:98). When one traces how the financing of primary education evolved over the years, one finds out that primary education was tuition-free throughout but registration and other fees came into force sometime during the “Derge” and continued right up to the recent measure in some regions to abolish them altogether.

According to one account of Ethiopian student (MOE and Fine Arts, 1971:27) which takes us back to the late 1960’s, “parents had to be begged or even forced to send their children to school; schools were then giving not only free-education, but food, clothing and stationery (at nominal prices)”. Similar states of affairs prevailed until quite recently when some regions like the Amhara region whose leaders are entirely from the party wing of the EPRDF, the one in power, in conformity with the party’s program ventured to abolish primary school fees (1-8) in the region for some years now.

However, it is almost axiomatic that as resource mobilization at the regional level has resource augmenting ramifications on the national resource flow, so also “demobilization“ of existing resources will have its own adverse effect in drying up the national fund pool. Therefore, from the stand point of its impact on national or local resource mobilization for education and that of its potential effect on stake-holders interest in achieving its objectives, pedagogic, social or otherwise, the fee-abolition measure is loaded with problematic situations that need to be cleared up by in-depth contextual research studies.

1.2 Statement of the problem

Ethiopia though very poor with a GNP per capita of a little more than us \$ 100 has vowed to conform to the global agenda of achieving UPE by the year 2015. And the need for a huge sum of money is projected to that end.

However, this global goal can only be achieved if and only if each of the administrative regions in to which the country is divided exerts stringent efforts to its realization. Yet it's known that these regions are plagued with policy disuniformities and differences in resource mobilizing capacities.

The Amhara region situated in the North Western part of the country which is home to about 8 million illiterates out of a total population of 15 million is one of those regions to put the fee-abolition measure into operation.

Fees are found to account for about 7.1 percent of the total education finance in Ethiopia, according to a recent PHRD study (World Bank, 1998:98). This automatically implies that a revenue hole with quantitative and qualitative effects have been blown in the system.

In addition to the arguments around the issue of primary school fees that hold good to the Ethiopian context, additional points of specific significance to Ethiopia can be made.

For instance, studies have shown that distance is the primary factor behind the problem of enrollment in the country; from this it was argued that the budget used to replace the loss in revenue from fees could have been used to construct schools nearer to where children live and thereby boost enrollment.

Observation in some scattered instances reveal that, following the fee abolition measure, schools have gone as far as limiting the number of examination questions

for lack of paper; first and second-graders making their toilet just behind classrooms and dirt accumulated as high as a meter have been reported. In some settings, an increase in enrollment is said to have been observed and still in others, especially in those schools where there is no school-generated income, schools have gone all the way back to the previous fee-charging practice.

Into the bargain, the “budgetary” allocations reach the schools in kind in the form of stationery materials and supplies leaving no room for flexible budget utilization and management on the part of school authorities.

Ethiopia is reputed for the almost cyclical recurrence of cases of *force majeure* due to war and famine that would often necessitate the diversion of government budgetary allocations for the purpose of fire-fighting emergency crises.

In such a scenario of budgetary starvation, the issue of the abolition of a stable source of finance like school fees becomes a cause for concern: a problem of utmost delicacy; the consequences of its potential success or failure make a well-thought study and investigation nearly a must. Hence this study will have the broad purpose of investigating the impact of the fee abolition measure on enrollment, school revenue and school expenditure.

In more specific terms in a bid to address these issues the study attempts to test the following declarative hypotheses;

1. a) The fee-abolition measure is positively associated with overall enrolment;
b) There is no association between fee-abolition and gender.
2. a) The fee-abolition measure is negatively associated with overall school revenue
b) The fee-abolition measure is positively associated with school-generated income (excluding registration fees)

3. The fee-abolition measure is negatively associated with overall school expenditure.

1.3 Significance

Such grand measures as school fee abolition having profound implications on the functioning of the education system would obviously deserve studies prior to or following their implementation. Despite this, the fee-abolition measure in place in some regions of the country was neither preceded nor followed by any study as to its possible impacts.

Increasing social demand and hence enrollment was the chief rationale behind the introduction of the measure. However, as no studies were conducted, it would be hard to tell whether or not the measure was attaining its stated objectives, it might even have worked against the reason for its institution. Therefore, now that the measure has already gone operational, studies on its impact become nearly a must to see if it has been attaining its goals.

To that end, the findings of such a study may contribute towards revision or modification of the measure before too much damage if any is dealt to the system. In light of this, the study would be of great significance not only to this region but also to other regions contemplating on the same measure.

Secondly, international experience has revealed the tendency of third-world countries to indiscriminately extrapolate into their contexts studies done in quite different socio-economic milieux. Such cookbook remedies have proved disastrous in numerous settings wrecking havoc to the system in their wake. Therefore, a study like this proves to be vital in its own right simply because it was conducted in the

setting concerned; the dissimilarity among the nature of the ills and the variation among the subjects affected makes global educational panaceas impractical!

Given the bitter reality that Ethiopia is the poorest country on the planet having no equals, its socio-economic status requires that studies be done on its soil if anything of value is to be achieved. Finally, the study's findings are believed to contribute to enriching the already existing national and international literature on the issue.

1.4. Delimitations

The measure of the abolition of fees in Government primary schools, though a political agenda of the governing party to which the leaders of each regional leader belong, has delayed or "failed" to be put into operation in some regions. Among the regions to implement the measure are found the Amhara region, the Oromia Region, the SNNPR Region and Region - 14. The fact that this researcher's knowledge is limited to the Amharic language and that he is well - accustomed to the practices, educational or otherwise, of the region - accounted for some of the reasons to delimiting this study to the stated region.

1.5. Limitations

First and foremost, the study had to overcome the limitation that often arises out of the idea of the "Money mystique" where money matters are regarded as secrets regardless of the nature of their content.

Secondly, the data on enrollment especially in those settings where there are grades comprising both cycles of primary education (1-8) have been a victim of a distressing phenomenon worth-mentioning here given its relevance to this study.

Some principals of such schools (1-8) especially in very remote villages tend to report enrollment figures that are much lower than the real picture. This is allegedly

because where enrollment is very low, primary schools of both cycles, i.e., grades 1-8, would be reduced to cater only for the first cycle (1-4). This would give the principal who, by virtue of his qualification, is entitled to head a school of grades 1-8, the chance to get transferred to the towns where both cycles exist.

1.6. Definition of Terms

AID : all flows of resources, financial and in - kind, originating from OECD and OPEC sources, both bilateral and multilateral and containing a concessional element of at least 25 percent (World Bank, 1993:101).

Capital expenditure: an outlay for the acquisition of improvement to fixed assets, and includes expenditures made for consultancy services (Federal Democratic Republic of Ethiopia, 1996:299).

Fees: Payments of money which are made to cover all or part of the costs of tuition in schools, colleges, universities, or other educational institutions (Husen, 1995:5770).

Free-Education: where schooling is free in the sense that no fees are charged (World Bank, 1980:5).

Innovation: a deliberate, novel, specific change which is to be more efficacious in accomplishing the goals of a system (Miles, 1964:14).

Instructional Technology: the nature and amount of the material a learner is expected to comprehend and the means by which that material is presented (Guthrie et al, 1988:319).

Internal Efficiency: refers to the flow of pupils through an educational system with a minimum of repeaters and drop outs (MOE, 1998:3).

Opportunity cost: the lost revenue accepted by the fact that one has decided not to use the good or services required for the activity for other activities (UNESCO, 1985:2).

Primary schools: grades 1-8, according to the New Education and Training Policy (MOE, 1994:14).

Region: an administrative and geographic unit higher than the Zone having the status of a statehood which is jointly established by, and with the agreement of, two or more adjacent nations, nationalities or peoples (The Transitional Government of Ethiopia, 1994:2).

Woreda: the basic unit of hierarchy in a region lower than the zone (The Transitional Government of Ethiopia, 1994:3)

Zone: an administrative and geographic unit lower than the Region and higher than the Woreda (The Transitional Government of Ethiopia, 1994:3).

1.7. Organization of the Study

Chapter II of the paper presents review of the related literature where issues such as the importance of primary education, modes of financing primary education and the challenges in the financing of primary education are treated in detail.

The paper continues to chapter III where the method of the study, the sampling procedures, the data collection and the data analysis procedures are dealt with, one after another.

Then in chapter IV, analysis and interpretation of the data are presented in two parts: results and discussion.

Finally, chapter V of the paper discusses the summary, the conclusions and recommendations of the study; the recommendation part contains two sections where short - term and long-term suggestions are put forward.

CHAPTER II

REVIEW OF RELATED LITERATURE

2.1. Is Primary Education Worthy of Investment?

The benefits of education are so innumerable that to discuss even part of them would be virtually impossible. Hence only a tiny portion is dealt with here. Accordingly, depending on whether they yield satisfaction (utility) in a single period or in future periods, these benefits of education can be classified as consumption and investment components (Cohn, 1979:33).

The consumption component of schooling includes attending schools where advantages like learning new things, meeting friends, engaging in sports or having a good meal are obtained (Guthrie et al, 1988:45); schools also function as an “Oasis in the desert” enabling children to have a time out from the many fold problems at home (Bolam, 1993:9).

On the investment side, it is argued that schooling and training increase one’s productivity and as such increase his chances of obtaining higher wages and increase his contribution to the social product. Similarly, more schooling brings about more flexibility to adapt to new job opportunities and endows on the individual the ability to manage resources more efficiently, to conceive of new ideas and new frontier of production (Cohn, 1979:33). It has also been known since long that education enhances agricultural productivity and economic growth (Lockheed and Verspoor, 1991:2-3).

In terms of social development, education contributes to reduced fertility and improved child health and nutrition thereby help to contain rapid population growth which is the obstacle to raising standards of living in many poor countries (Lewinetal,1982:33).

More specifically, primary education in addition to sharing the benefits of education in general has its own benefits by which it excels the other levels and types of education. For instance, empirical studies on the returns of education have shown that the economic and social returns to investment in primary education are very high relative both to other levels of education and, indeed, to other sectors for a large number of developing countries (Psacharopoulos, 1987:347).

Investment in primary schooling may well be the single most effective means of improving the incomes and social outcomes of the poor over the medium and long-term. Both economic analysis and analysis of the distributional benefits of an expanded primary education call for a greater degree of attention to that sector (Lewinetal, 1982:34). In spite of all these, primary education continues to be the “chronically under-funded” area of human capital investment (Anderson, 1992:16).

In light of all these, it can safely be said that, an education system where investments, however large are made on the higher levels of education without due regard for the primary level is, to use the words of Francis Bacon, only like a “magnificent structure that has no foundation” (in Wilson, 1998 : 62). In other words, a poor system of primary education compromises the entire education system and of human capital development (Lockheed and Verspoor, 1991:17).

These and other benefits of (primary) education provide governments, communities, individuals and aid agencies the rationales for expending money, time and energy on the sector.

However, it is to be reminded that the motive for expenditures as well as the strength of any rationale for any one financial source differ.

In general, it can properly be concluded that the wisdom of expending public and private funds on education is not to be measured by the direct fruits alone. It will be

profitable as a mere investment to give the masses of the people much greater opportunities than they can generally avail themselves of. In the economic sense, the investment that is made for education is an investment in human beings, which according to Marshall is the most valuable of all capital, it is said that “the economic value of one great industrial genius may be sufficient to cover the expenses of the education of a whole town” (Cohn, 1979:21).

Overall, there seems to be a set of potent arguments in favor of the fact that (primary) education is indeed worthy of investment.

2.2. Modes of Financing Primary Education

While there is no question about the importance of primary education and the role it plays in building societies, there is always the question of who and how to finance it.

In ways that are as diverse as taxation and direct contribution, forced payments or voluntary contributions, it is the people that in the fine analysis will be bearing the brunt of the cost of education.

Despite all these, the need for finance has never been fully catered for; day-in day-out, we hear and read news of newly designed projects and plans of different nature in education and other sectors. However, the success or failure of these different plans and projects lies on the interplay of various factors. First among the list comes the issue of finance.

In the past, capitalist and colonial oppressions made it easy for riches to get accumulated in the hands of the few, while the bulk of the population led a hand-to-mouth existence. Also, in today’s world of unbridgable income disparity where

nearly two-thirds of the world's wealth is in the hand of few people, the world's majority live with the sting of the problem of finance.

Finance was a problem not only in the past or the present, but it becomes even more so in the years to come . It has been estimated that an additional US\$ 30 Billion will be required between 1990 and 2005 to meet the education deficit that prevails in today's world (Anderson, 1992: 45)

Partly due to the prevailing lack of money to run education services and partly due to the public commitment and interest in education, people-poor and rich alike-contribute to education.

The agents that finance primary education and the way they do it, hereafter referred to as "modes of financing", will be our focus of interest here.

Accordingly, in addition to the usual central government budgetary allocation, two broad courses of action that are often suggested will be dealt with; these courses of action refer to finding additional resources and reducing unit costs by improving the efficiency of the education system (World Bank, 1980:71).

The first course of action that requires the tapping of non-budgetary sources contains the following four modes or a combination them (ibid.).

- By combining work and training and thus making education more self-reliant financially, and shift some of the burden to the employer which can be done through reforming tax-systems;
- By mobilizing local communities to provide resource such as land, labor, building materials, and certain consumable materials;
- By introducing a system of fees and loans; and,

- By looking for external assistance.

In the following sections, the above mentioned courses of action are discussed in the context of primary education.

However, these modes of financing are not mutually exclusive in that one mode may include some elements from the other mode; hence the classification used in this paper is by no means universal and of water-tight distinction.

2.2.1. Private Financing of Primary Education

There is a growing participation on the part of families and non-governmental organizations as well as the community in bearing the financial burden of education in much of Africa.

The private outlays to education include fees paid to both private and public schools, the privately borne costs of such items as transportation, school uniforms, textbooks, and supplies; and more important, family and community outlays, either in cash or in kind, in the majority of cases for the building of schools as well as repair. All these in addition to direct school income make up the private sources of financing as distinct from public (central government) financing (World Bank, 1993b:17).

Perhaps the most outstanding advantage of private financing of primary education or any other level of education over central government financing is that it eliminates the administrative cost of public collection and distribution of taxes (except in the case of local taxes). It would also minimize the tendency of government budgets to grow as personal income and tax receipts increase even though the need for government programs may have remained the same or even declined (Guthrie et al, 1988:51).

In the context of basic primary education, private financing would place the cost of having children directly on parents, and thus promote a more rational determination of family size (Freidman, 1962:20).

2.2.1.1. Direct School Income

Many schools generate revenue on their own by engaging in such activities like agriculture, handicrafts, etc. where the proceeds from the sales of the outputs are used to further their objectives (Sergiovanni et al, 1999:367-68); schools also generate income through selling bought-in products such as stationery and T-shirts, hiring their buildings for public meetings and also staging various sport and theatrical events (Knight, 1993:96). Other forms of direct school income include sales of certificates to repeaters as well as sales of plants and trees (Tesfaye Kelemework, 1998:2).

In addition to opening vast opportunities for additional funding, income-generation also brings intangible benefits such as pride in achievement, esprit de corps, more contact with the outside world, and opportunities for pupils to tackle “real world tasks”. But this source of school finance has its own problems. First, if employed excessively, the activities involved may seduce schools away from their real purpose; they can not only dissipate energy and “gobble up” time, but they can also change the school into a less-altruistic, more self-centered institution and damage relationships with the local community or local businesses (Knight, 1993:98). Secondly, when engaging in such activities, the questions of who and how to market the products need to be considered. The difficulty here is that these engagements are often undertaken with too great a reliance on the good will of a participating teacher, parent or committee member who happen to lack the required skill thereof (Kelly, 1991:14).

This writer recalls the agricultural activities that used to be done in a school in Wollo province where he attended his primary education. The school had an extensive farm land on which was harvested maize. During the harvest season, the school would be closed for a whole week and harsh measures including “incomplete grades” were often taken on absentees.

This was more serious due to the fact that, as the area was almost entirely agricultural, parents badly needed their children’s labor back in their own fields for harvesting their own crops: the opportunity cost was prohibitive! Moreover, as the harvesting was done by children, there was not only massive wastage, but there were also repeated incidents of children being bitten by snakes. And in the final analysis, the produce would be sold at a price slightly lower than that charged by neighboring farmers which often times angered these farmers or their children. When the children found out that they were indirectly contributing to the lowering of prices of their parents’ produce and thereby working against their own livelihood, they actively subverted the activities. This took different forms ranging from deliberately grazing cattle in these often fenceless fields to stealing the ripe maize kernels. The students’ resentment was compounded by the lack of transparency on the use of the proceeds which allegedly left room for embezzlement.

The point here is that income-generating activities in mainly agriculture - based areas have to be ventures having the least likelihood of dampening the school - community relationship or choking pupils’ motivations to work for their schools.

In addition to the problems cited above, in many countries direct school income is often credited to the Central Treasury Account where it is again released to the schools through the Budget process; the money arrives at the schools usually lower than the previous amount - the difference being absorbed by administrative expenses (King, 1994:9; Tesfaye Kelemework, 1998:3). Such a practice has made

schools shy away from developing this mode of financing pushing them as far as abandoning it for good.

To sum up, these and other factors made direct school income one of the least exploited and / or explored areas of financing (primary) education.

2.2.1.2. Fees

Student (school) fees are "payments of many which are made to cover all or part of the costs of tuition in schools, colleges, universities, or other educational institutions" (Husen, 1995:5770).

Fees once they are fixed against a mix of factors can be paid by students, their parents or families, or some other agencies such as employer or a central state, or local government (Husen 1995:5770; Knight, 1993:55).

Although, both government and non-government schools charge fees, those in private (non-government) schools are common place exercises against the use of which no one argues. However, one thing that may be said incidentally is that private schools charge fees that are much higher than those in government schools lending them a greater likelihood of profiteering. Moreover, fees in private schools exhibit considerable variation among themselves even where the services rendered are of similar quality (Bray, 1996:24). This seems to be the reason why some countries like Thailand and the Philippines used to place a cap on private school fees before they abandoned the practices in the 1990's (Arcelo, 1991; cited in Bray, 1996:51).

Unlike private school fees the question of fees in government schools is a contentious issue that has recently gained considerable public attention. Hence, our discussion mainly focuses on the issues surrounding school fees in government

primary schools entertaining both arguments against and in favour of their use (Jiminez, 1987:80-81 ; Lavy, 1992:18; Tilak, 1997:70)

To start with the arguments against school fees, the first fundamental argument is that charges for basic (primary) education are not “right” this is tied to the dislike of cost transfer from the government to parents as fees with flat rates are considered an education tax and a regressive one (Knight, 1993:85). Moreover, the increase in the price of a service changes the composition of those who consume it. For example, in education, even if total enrollments rise following an increase in school places financed by the introduction of fees, some children previously enrolled are likely to dropout, to be replaced by others from families more willing to pay higher prices. It seems plausible that those who dropout are more likely to be from poorer households since the price elasticity of demand for education is greater for them (i.e. their demand decreases with the increase in price)(Jiminez, 1987:82; Lavy, 1992:18; Colclough, 1996:17-18).

In the case where poor people chose to pay the (increased) fees, it might be that they would be foregoing or reducing their consumption of other goods which would be more advantageous if they retained the consumption thereof; accordingly, such price changes ignore the impact on people’s participation in other markets (Colclough, 1997:19).

Furthermore, not all schools have similar problems of excess demand as some are already in equilibrium in which case a nationally implemented price rise would adversely affect them (ibid.).

Regarding the impact of fee abolition on enrollment, some countries like Malawi achieved a near UPE after making primary education free (Bellamy, 1999:10); so

also Indonesia, Kenya and Tanzania succeeded in increasing their rates of enrollment after the abolition of primary school fees (Colclough, 1997:20).

It is also argued that in addition to obstructing social equity, fees prevent equalization of the marginal costs and benefits of primary school enrollment thus creating inefficiencies. Similarly, some contend that charging fees is likely to have a disproportionate impact on poor families. This is because the poor generally have more members of school age children, have less disposable income and experience greater fluctuations from year to year than do rich families (Samoff, 1994:43).

A case in point is Myanmar where a study showed that the difficult economic situation in this country's households means that "the most negligible financial costs associated with primary education may be of critical significance" (Evans and Rorris, 1994:31).

Nevertheless, school fee abolition may have adverse effects if the consequences that it would engender are not in advance explored.

In Kenya, the fee-abolition initially increased the enrollment of poor children, but since the Government did not consider the ways to bridge the revenue gap created due to the abolition, local school systems began to impose hitherto in-existent types of fees to cover costs. Interestingly enough, the cost to parents of schooling increased fourfold in some districts and the enrollment of poor children declined, thereby widening the poor - rich disparity (Lockheed and Verspoor, 1991:162).

As to the arguments in favor of school fees, the first obvious reason springs from the fact that education is expensive and seems to be even more so from year to year, *ad infinitum* (Coombs in Farajalla, 1993:33).

In addition, studies suggest that in some circumstances both efficiency and equity objectives may be served by imposing or increasing fees; the argument is that where there are minimal or no charges to the individual, demand for education is likely to be encouraged to a point unjustified by the economic returns to society. This is because as Schultz (1961, 51) argues "If education were free, the individual would presumably consume it until he were satisfied and invest in it until it would no longer increase his future earnings. "In a similar vein, it is said that "people who directly pay at least small amounts for education and other services come to value those services more highly than when they are handed out anonymously and apparently without cost" (Bray, 1997:189).

However, one caveat here is that the money raised should be devoted to expanding the system and not be diverted to other purposes or used to replace other funds that were intended for investment in the sector (Colclough, 1997:17). Thus can be produced greater social benefits than in the case of very low or no fees (Samoff, 1994:126).

Moreover, since official fees are, in most settings, only a fairly small portion of total household expenditures on education, removing other costs could have an even greater effect than fee - abolition (Bray, 1996:52).

As a middle ground between across-the-board suggestions of fee - paying and fee-free education, there is an argument for discriminatory fee-paying. Proponents of this stance suggest that governments be better advised not to declare that education in government schools be free especially where they are unable to fill the gap; a rather bold recommendation by the same says that the clauses on free education be deleted from constitutions, first because free education is not necessarily a good policy and second because, in many contexts, it is already unworkable (World Bank, 1994:105)

In a more subtle economic sense, educators argue that “free education has the perverse effect of subsidizing the education of the rich instead of narrowing the rich-poor disparity” (Psacharopoulos, 1977:69). This is because equal subsidies (i.e. free education for all) in a world of unequal incomes cannot plausibly contribute to improve the distribution of income (Jallade, 1978:318).

Discriminatory pricing of educational services is further strongly defended by the idea that in an inequitable society, an indiscriminate fee structure by its very nature is regressive: “If unequals partake in the educational process, equal subsidies will result in inequity in the distribution of outputs and hence equity in output can be expected only through unequal inputs” (Varghese and Tilak, 1991:57).

However, the advocates of this stance put forward a number of adjustments that need to be considered when fees are introduced through which the poor can be protected from its adverse effects. The first measure towards protecting the very poor is to set fees so low that fees coupled with other direct and indirect costs may not be prohibitive for them; similar adjustments include total fee-exemption of the poor and allowing for contributions in kind than in cash; discounts may also be made for families who have sent more than a certain number of children to school (Bray, 1996:49).

Another suggestion which sounds politically touchy is that impoverished regions where only few families can pay fees are to be financed by the state leaving out others (Besely and Kanbur 1990, cited in Bray, 1996:49). In other words, regions comprising people so poor as to have little hope of unaided development are to benefit from resource transfers from richer areas.

In a related tone, targeting by language has been tried in Peru where, for a number of reasons, speakers of certain languages happen to be extremely poor (World Bank,

1993c:64). However, the practicality of such an adjustment is at best dubious. In countries like Ethiopia where the whole country is impoverished, and its regions ethnically formed, such a measure may give grounds for nepotism and favoritism with long-term adverse effects.

So also the timing of fees affects the ability of parents to make payments in countries of predominantly agricultural economies like Ethiopia. This is because in such countries registration and other fees are required of students or parents following the end of the winter season which is the most difficult period for both urban and rural households alike. In Ethiopia, the month of Meskerem (September), the month when schools open, comes long after the previous year's harvest and just before the coming year's harvest. This period is in fact the time when people go hungry in their hundreds of thousands, a time when even a penny matters. Studies in the Gambia and Zambia have revealed similar situations and call for flexibility of the time of fee-paying (Gambia, 1995:45).

Finally, policy makers are required to consider the figures on the amounts that households devote to education, whether voluntarily or not, in conjunction with the severe resource constraints faced by their governments so as to strike a balance in their official policies on fees. The experience of other countries in this area especially of those countries with a relatively similar level of economic development need to be considered; enshrining the free provision of public education in national or regional constitutions does not, in and by itself, guarantee free public education. The State has to make sure that it has all the necessary resource base to fill the gap created due to the loss in revenue from fees. Otherwise, the system ends up in a cul-de-sac worse than before. This is because where the government promises to provide the resources that schools need, parents and communities are likely to withhold their contributions only to be called upon later when it fails to fulfill its promises; even then, the volume of such inputs will be less

than it would have been in the absence of official policies of fee-free provision (Bray, 1996:47).

On the other hand, where adjustments through discriminatory measures are put in place so as to create a safety net for the poor, the question of who decides and implements the measure will be of crucial importance. In many contexts, such a measure is implemented by school boards at the local level who happen to know personally the individuals and families who face hardship. The different adjustment measures discussed earlier have been successfully carried out by school boards in a number of countries; however, experiences in certain settings have shown that local school boards are not necessarily sensitive to the needs of the poorest. For instance, independent studies in Uganda, Tanzania, and Vietnam have revealed that school boards which are dominated by local elites are not particularly concerned about exclusion of the poor (Opolot, 1994:113; Galabawa, 1994:17; World Bank, 1995:197).

Where the above problem exists, some consciousness - raising, guidance, and monitoring of school-level decisions through workshops may be put in place (Bray, 1996:49). One useful model which made it possible to minimize the above problems was in place in Nicaragua where the very impoverished, high achievers, and children of teachers, demobilized soldiers, and former revolutionary combatants were exempt from payment. In schools where these students are enrolled, the government provided a subsidy twice the value of the fee per each student. Such an arrangement, despite fears of abuse, gave schools a clear incentive to enroll these particular types of groups to whose needs school boards may not have been sensitive enough otherwise (Arnove, 1995:39).

The other issue worth considering has to do with the costs of fee-collection and accounting. For instance, in Indonesia, before the launching of a fee-free policy for

junior secondary schools in 1994, the fees that parents paid were sent to the national government where they were supposed to be converted into grants to cover school supply. However, a study revealed that the value of the grants that came back to the schools ranged from 35-75 percent of the value of fees or only 51 percent, on average. The difference in value had been due to administrative expenses and other factors which absorbed the balance between the grants and the fees (King, 1994:9). This problem could have been circumvented if fees were retained at the school level. However, fee retention may have its own problems of theft and loss. To minimize these dangers, school boards should be assisted with mechanisms to handle money and to encourage both transparency and accountability. Such mechanisms may include central monitoring and support for school boards. Even if these interventions require resources, the investment on them would be rewarded by improved administration at the school level (Bray, 1996:51).

Given such a state of affairs, where governments are sincere in their drive to alleviate the plight of the poor with regard to education, a combination of measures with due consideration for contextual factors have to be sought for. One such measure may be to construct schools nearer to poor communities, especially in rural areas so that the direct costs of travel and the opportunity costs of the children's time while traveling is cut; the provision of subsidies in cash or in kind to offset these costs was also suggested though its practicality in developing countries is questionable (World Bank, 1998:xvii)

These alternative suggestions are reinforced by the fact that fee-abolition has only a token significance in alleviating the financial burden on households. For instance in Indonesia, fees of all kinds comprised 16.8 percent of total household expenditures on primary education in 1992, while this figure was on average 4.3 percent in the case of Vietnam (World Bank, 1995:187-191). Therefore, even if governments were to succeed in abolishing fees of all kinds, the costs borne by households would not

increased community involvement in financing education reflects the community's demand for education and enhances the accountability of schools and improves their cost-effectiveness; it can also promote savings by enabling the education system to adjust educational inputs to local and regional differences in prices (Lockheed and Verspoor, 1991:194). As to the effect of community financing on school efficiency, a case study in the Philippines revealed a very interesting picture; in the study, it was found that when school quality and other socioeconomic characteristics are held constant, primary schools whose local funding was high compared with their total expenditure had lower recurrent unit costs than other schools (Assie - Lumumba, 1993:28).

Community financing implies not only direct monetary contributions but also non-monetary ones such as land, labor and materials (Bray, 1996:31). The chief rationale for engaging in community financing is to secure a service that is not provided by the government or individuals (Assié - Lumumba, 1993:7-15). In some cases government schools may not only become inadequate in quality but may also fall short, in terms of quality, of the expectations of particular religious or racial groups; where the shortfall is in quantity, community financing may supplement provision in existing schools, or it may drive the creation of completely new institutions (Bray, 1997:189).

When one ventures to discuss community financing, one learns that the area suffers from a paucity of data and where data are available from the difficulty of assigning monetary value to non-monetary contributions (Bray, 1988:218).

Nevertheless, scattered examples from different countries such as Uganda, Kenya, Malawi, Zambia, Botswana, Sudan, Madagascar, etc. strongly attest to the varying and yet appreciable extent of community financing of schools in different parts of

the continent (Mwiriwa, 1990:355; Assie-Lumumba, 1993:7,8; Malawi, 1993:8,30; Esquieu and Péano, 1994:24; Opolot, 1994:26).

The variation of the extent may be attributed to a number of factors; at the micro level, the enthusiasm, vision, and organizational ability of village leaders contribute towards the variation; most important, the economic base of a community, its political atmosphere, and the level of living standards as well as cultures and forms of social organization determine the magnitude of community financing (Bray, 1996:31).

Community resourcing efforts may also be linked to religious behavior (Biak Cin and Scandlen, 1988:171). Community financing was found to be significant in the Buddhist communities of Cambodia, Lao people's Republic and Thailand; these religious communities see donations by individuals and families to schools as an expression of virtue (Bray, 1997:30). So also Christian minorities in Thailand made above average household inputs to education, while Muslims there made below - average inputs (Tsang and Kidchanapanish, 1992:188).

However, in countries like Indonesia, Muslim communities make substantial inputs (Bray, 1996:30).

Turning to the methods involved in community financing, we find that depending on the cultural interests and the inventiveness and enthusiasm of the organizers, communities use diverse mechanisms of generating resources (Bray, 1997:191).

The largest source of income which are especially important for recurrent costs are compulsory or quasi-obligatory user fees (Bray, 1997:191). However, the different arguments for and against school fees have also a bearing on community schools financed through this mechanism.

Eventhough community financing has been portrayed as an alternative to user charges, many schools have both fees and community financing side by side (Cornia, 1987:170).

The other important source is local taxation. Countries like China, Guinea-Bissau, Mali, Nepal, Pakistan, the Philippines, and Yugoslavia have given legal powers to local government for collecting and using (wholly or partly) local taxes for community schools (Lockheed and Verspoor, 1991:196).

Botswana has such a tax termed "Native Tax" as old as colonial times which supports primary education (Assié - Lumumba, 1993:8). Still other communities decide to tax beer, vehicles, or market stalls and traders with the assumption that people who consume luxury items or operate business have more money than the average person, and can afford to give extra support to their schools (Bray, 1997:191).

When huge funds are required for capital works, some communities launch ceremonies where "everybody in the community endeavors to donate some amount ... and each donation is announced over the public address system" (Igwe, 1988:122).

Moreover, levies on alumni, collections from church congregations, and governors, school committee and Parent- Teacher Associations (PTA's) are also used (Lockheed and Verspoor, 1991:196; Bray, 1997:192). The contributions are not necessarily in cash but they are also in kind where members help construct or repair buildings, donate animals, and provide transport for teachers and students. The stated organizations themselves organize festivals, dances and other social events; sometimes women cook voluntarily and many communities provide lodging for pupils coming from distant villages. Instances of community members helping with

teaching at little or not charge were also reported in Cameroon, China, and Dominica (Bray and Lillis, 1988:45).

In some countries like China, there is a mechanism through which the communities obtain funds from the government in the form of “matching grants” (Kai-ming, 1996:69). Perhaps the most common case of government-community joint effort in community financing is where the government provides annual recurrent grants for material and other needs, pays teachers’ salaries, and gives non-financial assistance; the responsibility of the communities will be to meet capital costs. Furthermore, governments play an advisory role on building designs, procurement procedures, fund raising, accounting and other matters (Bray, 1997:192).

Finally, community financing has a number of quality and equity problems associated with it (Wellings, 1983:19-20; Okoye, 1986:272).

Community schools are allegedly of very poor quality having enrolled students who have been denied of access to government schools and being poorly staffed and badly equipped (Gyamtsho et al, 1992:16; Esquieu and Péano, 1993:4).

On the other side, one of the most outstanding problems of equity is that as some communities are in a better economic position than others, inequalities between the poor and the rich may be perpetuated (Chung, 1990:194; Mwiriwa, 1990:358); it has also been observed that government policies sometimes compound the problems of equity especially with regard to rural - urban disparities (Tsang and Wheeler, 1993:115). This is because as rural communities have a stronger social cohesion than urban communities, they are better placed to help themselves in this direction. Based on this, some governments provide extensive resources for the urban schools while leaving the rural ones to themselves (Bray, 1997:195). This has been observed

in China where urban primary schools are almost fully funded by government but rural primary schools rely on village communities (Bray, 1996:29).

In addition, geographic and social inequalities may be even stronger when they are linked to racial or religious groups; schools for the children of expatriates or for religious or ethnic minorities are found almost everywhere in the world (Bray, 1997:197).

Nevertheless, governments may try to tackle some of the prevalent problems of inequality; for example, regional disparities may be minimized by providing special grants to disadvantaged communities. Some countries have resorted to controlling admissions and authorizing district education officers and inspectors to pay regular visits to schools of presumably low quality in a bid to narrow the quality gap.

2.2.2. Public Domestic Financing of Primary Education

Public domestic financing of education shows up in the budget (National Government budget, provincial budgets, township budgets, independent institutional budgets, etc.) to be used in financing education.

This may take other forms like tax exemption and hidden subsidies (Cohn, 1979:62,74,76). The central place that governments have puts them in a better position to make and implement decisions like setting balances between growth and equity, quality and quantity, selectivity and open access (Hallak, 1990:4). Similarly as governments possess the lion's share of a country's resources and as they have the discretion to enforce the implementation of policies, they are in a position to finance nearly all the public sector of their country. The budget of governments is mostly swallowed by the education sector only surpassed by national defense in many countries (Stiglitz, 1988:367). This shows not only how much important government intervention in financing education is, but it also helps

one to weigh the extent of educational efforts that a country exerts for educating its people. This is because, the percentage of GDP allocated to education is used as a proxy to measure educational efforts (World Bank, 1993b:16).

On the other side, the limited financial capacity of governments forces them to establish priorities and make a clearer distinction between their role in financing to be defined on both equity and social benefit; on cost-effectiveness criteria; administration and monitoring of public support; and regulation to ensure adequate quality of service and limit the consequences of market failure (Guthrie et al, 1988:50-51). In other words, the degree of activity of governments directly influences the extent of exploitation of the non-budgetary sources of finance.

2.2.2.1. Rationales for Government Intervention in Primary Education

Government affects every domain of our life starting from the moment we came into this world when employees of a government hospital welcome us at the time of birth. The pervasive presence of the Government especially with reference to education, is not, however, without rationales. A number of justifications are given ranging from the presence of external benefits of education to the need to regulate education services given prevailing market failures that often compromise the provision of basic services (Stiglitz, 1988:372-73). And within the context of free market and the privatization of the educational supply, the State alone is capable of rising above market considerations and impose measures that favor those suffering from social exclusion (Hallak and Poisson, 1997:24).

In addition, private markets tend to inadequately provide basic health and education services as the latter have strong public good characteristics (Burgess, 1997:308). To this can be added the argument that private schools allegedly emphasize individualistic values and lack a unifying character (Guthrie et al, 1988:51-52).

Furthermore, as public education is considered to be the single most powerful tool for advancing economic and social mobility, poor children ought to be given opportunities for schooling (Stiglitz, 1988:372-3). In such cases, the state intervenes through providing the services by itself (Guthrie et al, 1988: 51-52). It can also be argued that public resources invested in primary education would benefit more children and more poor families than those invested in post-primary education; the reason for this is that the unit cost per primary student is significantly lower than that of a secondary or tertiary student (World Bank, 1993b:75).

Finally, the popular aphorism which says “he who pays the piper calls the tune” portrays the powerful political motive behind state intervention in education (Sherman, 1979:297). This is especially so since education is often an arena of social conflict and where political legitimacy is ensured.

2.2.2.2. Central Government Budgetary Allocations and Hidden Subsidies

Government spending in Africa with the lowest enrollment rates of any region in the world is higher as a percentage of GNP (4.2 percent) than either East Asia (3.4 percent) or Latin America (3.7 percent), regions that largely achieved UPE; similarly, seen under the other alternative measure of public expenditure on education, namely, expenditure as a percentage of national income, sub-Saharan Africa excelled all other developing countries for the years 1970 to 1983; thirdly, when public expenditure on education as a percentage of total public expenditure which is another way of measuring educational effort is examined, still one finds that African countries treated education generously (World Bank, 1993b:16).

As to public expenditure by levels of education, basic / primary education’s share of total recurrent expenditure was declining and at best remained constant over the years (Burgess, 1997:308). In real terms, the median public recurrent expenditure

per student in primary school has been declining in low-income countries while increasing steadily in middle-and high-income ones. This is due to a number of socio-economic factors ranging from natural disasters to worsening terms of trade, from implantation of adjustment policies to monetarist policies of the west (Lewinetal, 1982:13; Sanyal, 1993:3).

Nevertheless there are convincing arguments in favor of gradually increasing the provision of public budgets allocated to primary education in many African countries. This is not to mean that education budgets allocated to secondary and higher education levels are to be reduced in absolute terms. But, in so far as the total public budget for education is growing, regardless of whether the budgets allocated to these sub-sectors are to increase or remain constant, the share of primary education will go up. If an increase in higher education budget is desired, it will have to come not from the growth of the public budget but rather from increased private financial contributions to the sub-sector. Especially in African countries with low primary enrollments and where the median share of education spending going to primary education is only 34 percent, more budget to this sub-sector is highly justifiable. First, eventhough an increase in primary education budget may mean a decrease in the budget of other areas, this can be justified on grounds of efficiency and equity (World Bank, 1993b:52).

In general, increased total spending on education would have to be financed either through increased economic growth or by an increase in the share of education in the total budget. As to the former, it is projected that sub-Saharan Africa will have a bleak prospect of economic growth for the foreseeable future. Low and high estimates of annual rates of GDP growth have been made ranging from 3.2 percent which is the lowest to 4.0, the highest for the low-income African countries over the next ten years. Even with the high case, the growth will not keep pace with projected population increase (ibid.). From this can be deduced that the additional

resources required for doing more than simply maintaining present educational coverage and quality will not be derived from economic growth (Lockheed and Verspoor, 1991:52). These problems are compounded by the fact that national governments usually depend on standard financial instruments such as national income taxation that tend to be rigid and unresponsive to the specific requirements and conditions of particular communities (Burgess, 1997:309)

On the other dimension, in addition to the direct budgetary subsidy that governments make in financing education, there are other forms of subsidies that they make where no direct monetary outlays are involved. Broadly speaking, these subsidies take two forms : tax exemption and implicit rent. In many countries, All non-profit educational institutions are exempted from payment of property, income, and also in many instances, sales taxes. Similarly, governments subsidize their schools by forgoing the opportunities of renting school buildings, grounds and equipment to non-educational uses; this form of subsidy referred to as implicit rent is quite significant especially in the cities where costs of rent or prices of land are exorbitant (Cohn, 1979:74-76)

Finally as this mode of financing primary education, namely, central governmental financing, though of unparalleled importance, is losing vigor, other methods of resource mobilization such as increased parental and community financing as well as comprehensive fiscal and expenditure reform programs need to be adopted. In addition, education systems can seek alternative interim solutions that are consistent with the broad directions of tax and expenditure reform. One such solution would be to levy new taxes that are targeted or earmarked to fund improvements in primary education (Lockheed and Verspoor, 1991:189).

2.2.2.3. Ear-marked Taxes for Education

Ear-marking of taxes which refers to identifying specific revenue sources for specific programs deemed to have a high social value helps to overcome taxpayer's resistance to new taxes in many developing countries. This is partly due to the fact that as education is highly valued by society, taxpayers who would oppose integrated taxes have shown tendencies to support taxes whose yield is targeted for education (UNESCO, 1985:9)

Ear-marked taxes for education which can be levied at national and local levels take different forms ranging from property taxes and business taxes (urban property and professional) to taxes on selected commodities, payroll, imports and dividend income (kai-ming, 1996:70).

Many countries like Korea, Brazil, Pakistan, Turkey, Nepal, the Philippines, Guinea, China, and Botswana introduced earmarked taxes with considerable success(Assie-Lumumba, 1993:8 ; kai-ming, 1996:69).

However, ear-marking of taxes may not always guarantee increased efficiency or an adequate funding of the earmarked program; it may even have the opposite effect in cases where governments divert ear-marked funds to other purposes or use them to replace past allocations from the general budget without increasing the total resources devoted to primary education (Lockheed and Verspoor 1991:89). Even where the total resources are increased through these taxes especially those levied at the local level, the possibility of levying other earmarked taxes at the national level will be adversely affected. The reason is that as raising -revenue at one level of government is in competition for resources with another level (Burgess, 1997:339).

On the other side, the success of an earmarked tax is often associated with the link that should exist between the tax and the beneficiaries of the programs or the project

for which the revenues are dedicated; the identification of good demand-driven targeted programs within the scope of a prepared investment play an important role in that direction. On the contrary, failure is high where there is a weak or no link between revenue and benefits and where the project development springs simply because ear-marked funds are available. Examples of programs having a good potential for ear-marking include a national textbook fund and a community fund for primary education (Lockheed and Verspoor, 1991:189-190).

In general earmarking of taxes for the purpose of financing primary education especially when general budgetary allocations are not sufficient is an option worthy of consideration on the part of governments in the developing world ; since these countries have inefficient taxation systems, it seems that they have so far managed to exploit only part of what is available. As a result , the burden of such a tax if levied may not be so much as to break the back of their people

2.2.3. External Sources of Educational Finance

In addition to the domestic mechanisms of financing education, external sources also play an important role in providing resources for education. These sources may take the form of assistance (aid) or loan. The term aid is often used to mean not only assistance but also certain types of loans both financial and in kind ;this is partly because loans of the concessional type especially to the poor developing countries with limited development servicing potential are risky ventures which often encounter massive defaults. It is also because the opportunity cost of capital forgone on the part of lenders is a form of subsidy, an assistance, since most of these loans bear nominal interest rates.

Non concessional loans from bilateral organizations and the multilateral banks (the World Bank and the ADB) and all other loans from private commercial banks are

excluded from our discussions of aid; these types of loans (the non-concessional types) as one source of external finance, are treated under a separate section following “aid”.

2.2.3.1. AID

External financial aid (assistance) plays an important role in financing education in the developing world; between the years 1981 and 1990, it was reported that developing countries received an average of 8.6 percent GDP annually in official development assistance (Boone, 1994:1). This is even more so in the context of sub-Saharan Africa which, though representing only 11 percent of the population of the world's developing countries, received about 22 percent of the international aid to the developing world in the early 1980's. In this sub-region, the annual per habitant allotment of aid was about \$19 compared with \$8 per habitant in the other developing countries (World Bank, 1993b:101).

Both multilateral and bilateral agencies serve as the sources of aid to the developing world. Of the annual aid allocated to primary education between 1981 and 1986, multilateral agencies provided about two-third's, US\$ 120 million, whereas bilateral agencies and non-government organizations accounted for the remaining one-third of international aid or US\$ 60 million to primary education (Lockheed and Verspoor, 1991:210-11).

From the foregoing discussion, it can be inferred that international aid significant in volume; however, like its volume, the kind of assistance plays an equally important role in determining its effectiveness. In this respect, it has been observed that very limited was allocated to pedagogical inputs and much aid was devoted to infrastructures. On the other hand, breaking down the aid by activity, one finds out

that critical inputs such as teacher training received the least while educational and curriculum reforms received the most (Karuga, 1982:130).

Generally, the past trends in the flow of aid to African education have revealed that there is an intrinsic lack of interest in the primary sub-sector compared with the more visible interventions in tertiary education; and also, failure of both the recipient and the donor to appreciate the singular importance of primary education in African development has been observed (Sanyal, 1993:5; World Bank, 1993b:103)

Moreover, the level of financial aid to specific basic education projects are subject to fluctuations depending on socio-economic situations and political vagaries of western donors. Such type of aid may limit the emphasis placed on building of domestic capacity as well as reduce the extent to which the projects are perceived as a responsibility of the community in which they are located (Adesina, 1990: 139; Burgess, 1997:313). In fact, it may be due to these and other factors that macro economic evidence from cross - country studies have revealed that aid has no significant impact on improvements in infant mortality, primary schooling, or life expectancy (Moseley et al, 1987; Boone, 1994b, both cited in Burgess, 1997:312-13).

Therefore, if the insignificant or negative impacts of aid to primary education are to be minimized and its positive impacts strengthened, then the current trend of external aid has to be changed; the change may be towards concentrating additional resources to primary education and also emphasizing sub-sectoral development programs instead of individual projects (Lockheed and Verspoor, 1991:215)

2.2.3.2. Loans

Loans also play an important role as a source of educational finance in some developing countries, though their impact is highly questionable. Today, some 20 African countries and more than two thirds of all developing countries have taken loan from the IMF for foreign exchange requirements (Sanyal, 1992:3) It seems that the golden rule “neither a borrower nor a lender be” is losing vigor in the current global fiscal atmosphere.

On the international scene, this lending function is mainly assumed by the IMF and the World Bank. The IMF supports programs related to countries’ stabilization efforts, and the World Bank funds programs aimed at changing the structure of incentives in the economy. The loans are conditional, where the countries have to accept adjustment policies referring to correct financial imbalances and lay the foundations for renewed growth (Reimers and Tiburcio, 1993:238).

However, a number of criticisms have been directed at these institutions, especially the World Bank, in the way they handle loans. The World Bank allegedly seeks “bankable” projects and largely ignores the rest, though its impact on policy far exceeds its support of projects.

“Conditionalities” attached to project loans often shape governments’ policies, monetary and otherwise, which in turn reshape social and educational policy (Reimers and Tiburcio, 1993:237). These sometimes go as far as “mortgaging” the future of the borrowing nation as a whole (George, 1994:55).

In addition to the second-hand and yet colossal negative impacts of loans on primary education through the accompanying adjustments policies, the following general points can be made:

- loans seem to be more effective when they are not tied to conditionalities and when and where the borrowing country has a stable economic base and a significant debt-servicing potential; such situations may create favorable conditions for the loan to be productive enough to generate additional revenues for it to be repaid or serviced in the future. However, such a condition is unlikely to happen in quasi-public goods and services such as basic education and health services where the returns to investment are largely non-monetary (Burgess, 1997:314).
- In more abstract economic terms, loans tend to crowd out private investment including that on education, since they encourage capital flight in anticipation of future tax burden in the course of the State's effort to finance debt (Burgess and Stern, 1993:768)
- In times of default, which are common place, lending agencies and countries often retaliate through harsh economic and political measures. And it is the public sector, of which education is one that will be hard hit by the ensuing domestic fiscal constraint. Further, even among the levels of education, the primary sub-sector with a less vocal and articulate influence will be the hardest hit (Sanyal, 1993:4). All in all, in light of the above mentioned complications, tied loans have wrecked havoc to the primary education sub-sector through their accompanying adjustment policies; as a result, one may be tempted to conclude that this form of financing has defeated its purpose to such an extent that whatever contributions it made are outweighed or at best, offset, by its adverse effects.

Finally, there is no denying the fact that some bilateral loans that are not attached to any conditionalities and which are born of genuine considerations have been contributing a lot to the development efforts of many African countries.

2.2.4. Cost-Reduction As a Mechanism For Financing Primary Education

Nowadays, the developing world especially Africa is not only highly indebted but also it is in an economic disarray due to a host of socioeconomic factors; worse still, there is an unprecedented donor fatigue at a time when the population is growing at an alarming rate. These and other situations preclude the governments of developing countries to make additional expenditures to finance educational services. One possible way of financing education in such times of drastic expansion & constrained fiscal environment is cost-reduction. The chief aim of cost reduction strategies in the education sector of developing countries is to generate efficiency savings which can be used either to increase enrollments or educational quality elsewhere in the system (UNESCO, 1985:8).

Cost-reduction can be done through directly reducing costs (both direct and indirect) by using cost-effective strategies and through improving the school's internal efficiency. Possible ways of achieving these include increasing the number of students, decreasing the number of teachers needed, diminishing waste (i.e. improving the retention and promotion of students) or augmenting the share of community contributions to educational costs (Stromquist, 1982:69)

However, those measures like the elimination of school fees where household expenditures are apparently reduced are not cost-effective inputs since the reduction in costs is offset by an increase in government expenditure.

Another difficulty is that some of the cost-effective strategies may not reduce costs both from the State's point of view and the parents' point of view; most may reduce total government expenditure and some do so without having any positive impact on enrollment. For instance, if there are reductions in the real-value of teachers' salaries and teacher-pupil ratio, their cost-saving (reducing) impact on private

households is much smaller than for the Government, and since in many developing countries like Ethiopia, there was found a link between a reduction in household expenditure on education and increased enrollment, these measures may not bring about any increase in enrollment at all (Colclough, 1997:20; Mulugeta Gebreselassie, 1998:87). Furthermore, it is worthy of mention at the outset that some of these innovations are cost-effective not simply because they lead to lower costs but because even if they cost high, their benefits are greater (Lockheed and Verspoor, 1991:88).

2.2.4.1. Cost-Effective Strategies

The first group of cost-effective strategies include a number of innovations that involve the application of hardware technologies (e.g., radio and TV) or the introduction of instructional technologies (e.g., self-instructional materials for students and teachers) all of which may help to reduce direct costs (Stromquist, 1982:73).

The second group of such strategies focus mainly on the reduction of indirect (opportunity) costs of schooling (Lockheed and Verspoor, 1991:164). In the schools of many developing countries, agricultural cycles are not often taken into account making their own contribution to a decline in enrollment in rural areas. It is suggested that revising the school year and shortening the length of schooling to accommodate the seasonal demands for child labor on the farms and in the fields are not only inexpensive but also painless (Psacharopoulos, 1986:570). A change in the school day may also be introduced so that it accommodates daily work schedules by instituting multiple shifts or providing classes early in the morning or in the evening. This strategy through reducing the opportunity cost of schooling in agriculture-based developing countries increases enrollment, and also boosts production output. Similarly, strategies whereby child care is provided for young

siblings have brought encouraging results in increasing female enrollment through reducing the opportunity cost of the labor of young girls sought for child care at home.

The third major group of cost-effective inputs consists of four major mechanisms; the first opportunity is choosing suitable standards for school facilities which points to the need to build schools using local materials and to equip them with a modest facility; it has been found that in sub-Saharan Africa, the cost of constructing brick and mortar buildings is more than double the cost of constructing buildings from local materials (Lockheed & Verspoor, 1991:180).

In Tigray, Northern Ethiopia, there is an eloquent example of an innovative intervention where the so-called *Das schools* (open-air schools) are used in lieu of well-prepared classrooms leading to spectacular reductions in capital costs (Tigray Regional government, 1998:13).

Similarly, Senegal reduced capital costs by 40 percent after 1985 as a result of using local construction materials together with increasing the involvement of local communities in construction work. In that same country, recurrent maintenance costs were also reduced using the same strategy (Colclough, 1997:256).

The second opportunity under this group of cost-effective inputs involves altering class-size and teacher-pupil ratios both of which help to release resources for other inputs. Since in most developing countries, the average student-teacher ratio is less than or equal to 37 raising this ratio to a reasonable level looks feasible. However, this depends on the country's existing ratios and the dispersion of school-age population (World Bank, 1993b:48).

A different way of increasing teacher-pupil ratio is to introduce some form of multiple shift schooling. Double shifts are common where groups of students are

accommodated for regular teaching during the same term, week, or day in the same school. However, multiple shift systems are to result in a reduction in teacher salaries or increase teacher - pupil ratio only where no additional teachers are required for the shifts and also where teachers working two shifts are not paid pro rata (Colclough, 1997:283).

Double shift schools reduce recurrent costs also since they can achieve economies in the employment of clerks, cleaners, and maintenance and security workers. Similarly, capital costs are reduced through major savings in the costs of land, equipment, libraries, laboratories, and classrooms (Lockheed and Verspoor 1991:180).

For instance, it was reported that Zambia had achieved a fifty percent reduction in primary level capital costs through extensive use of double and triple shifts (Bray, 1989:32).

However, multiple shifting is not without costs: first of all, the more heavy use of plant in the multiple shift system entails higher maintenance expenditure than in the case of single shift arrangements even though savings can still be significant (World Bank, 1993b:48).

Secondly, parents have to look after their children during the shift that they do not attend in which case they may have to forego substantial earnings in the labor market; there are also risks of low quality schooling which the double shifts method may bring:

the school is usually more tense and hurried as both breaks and teaching time are reduced; teachers, particularly those who have already taught a morning session, may often be tired and therefore able to offer only an impeded service, preparation and marking time is squeezed; and the

management costs and inefficiencies rise, the more difficult the conditions become (Colclough, 1997:284).

However, no concrete evidence that showed an association between low quality of schooling and double-shifts has been reported. In fact, studies have shown that there was no association between them (Farrell and Schieflebein, 1974:18-20).

2.2.4.2. Improving the School's Internal Efficiency

Internal efficiency in education is low in many counties particularly at the primary level due to high rates of repetition and dropout; the latter two obviously imply that it takes twice as long (and therefore costs twice as much) as it should to produce a school completer (Colclough, 1997:275). Repetition and dropping-out can result from two broad sets of factors: family and student characteristics that affect the demand for education, and schools and educational policies that are ineffective (Lockheed and Verspoor, 1991:180).

Dropouts and repeaters raise the costs associated with producing a graduate of the primary education system. These costs have three components; first is the amount spent directly on schooling both the cost to society of providing a place for each child in school and the cost to parents for items such as transportation and school supplies. Second is the opportunity cost of school children's time; and third is the future cost to dropout and their parents because, in the labor market, failure to complete a primary education translates into a lower rate of return to each year of schooling missed. (Colclough, 1997:285).

Studies conducted between the years 1970-85 on primary school repetition and dropout have shown that a one percentage point reduction in repetition rate results in a recurrent cost saving per graduate of \$ 8, on average, in low-income countries. On the other hand, the saving per graduate associated with a one percentage point

decline in the dropout rates could, on average, equal to \$12, in low-income countries (Lockheed and Verspoor, 1991:184).

Finally, two innovative interventions to improve the school's internal efficiency, i.e., reducing drop-out and repetition, towards cost-reduction have been in use since long: reducing the time needed to learn through early stimulation, pre-school training, and expansion of kindergarten enrollment; and, expanding the time the student is willing to spend through automatic promotion and recovering self-esteem where some curriculum restructuring is done to pay more attention to those areas where the repeater performs well (Stromquist, 1982:84-86). However, it is to be noted that the savings gained by improving the school's internal efficiency run against a number of difficulties which, in some cases, may go as far as nullifying the cost-reduction effect altogether. One such difficulty is that these efficiency improvements and hence savings are not to be realized in less than 5 years at the earliest; and yet, these long-term improvements will produce other undesirable effects within a year or so which naturally follow the expansion of primary enrollment. These effects take the form of excessive demand for secondary and tertiary level education (Lockheed and Verspoor, 1991:185). In other words, before embarking upon such cost-reducing interventions, policy makers have to first face the challenge of finding additional resources to satisfy short-term needs or else the interventions will prove worse than the illness.

2.3. Challenges in the Financing of Primary Education

In a world of unlimited wants and limited resources, the problem of finance is but a pervasive issue par excellence to which education is not an exception.

For a number of reasons, the different modes of financing education, though unquestionably vital, did not succeed in laying to rest all the problems associated with resource scarcity.

In domestic terms, educational financing in developing countries have been plagued with a number of problems.

First of all, there is a formidable demographic challenge. Africa it is argued, is a continent characterized by tumult and change over the past 25 years, but is has one fascinating constant which is the persistent and seemingly insatiable demand for formal education (Carnoy, 1995:46). The continent exhibited an annual population growth of 2.9 percent between the 1970's and 1980's; and an even faster rate of growth is projected for the years to come. The population of primary school-age children is now increasing at an average annual rate of 3.3 percent. Further complicating the problem is that as the number of school-age children fast out number the working adult population, the burden of educational provision falls on the shoulder of this shrinking segment of the population. This is seen in the fact that sub-Saharan Africa has now the youngest population of any region in the world (World Bank, 1993b:18).

The other side of the demographic challenge is that Africa has a low population density that makes unit costs unnecessarily high. This is because such a situation does not allow the use of economies of scale which would otherwise have helped in reducing unit cost tremendously.

Despite these pressures, the financial base of the education system is often narrow and does not show any buoyancy to keep pace with this demographic challenge (Lockheed and Verspoor, 1991:172). Into the bargain, this base is highly dependent

on the general tax revenue of the central government which is plagued with severe structural problems (Burgess, 1997:309).

The second problem has to do with the incentive structure underpinning the funding of public education which is often weak as is the link between funds and school performance (Guthrie et al, 1988:30).

Another critical economic issue is the implementation of structural adjustment policies (if at all they are worth the name) which call for a number of fiscal reforms having different effects; these include the reduction in government expenditure, abolition of guaranteed employment scheme and reduced availability of hard currency. These measures automatically entail fierce domestic budgetary competition in which case social spending would suffer more than others. Studies have shown that, following the implementation of adjustment policies, sub-Saharan Africa has reduced per capita expenditure on education by half (Sanyal, 1993:3). This is partly due to the fact that the education sector is an area where the benefits side cannot be made as explicit as the cost side as the saying has it: "...the finance minister is usually more articulate than the education minister in claiming funds" (Psacharopoulos, 1985:154).

In apportioning its budget, the education sector will in turn cut the budgets of those areas that seem to be politically expendable one of which is basic /primary/ education; as the latter is often of rural provision and away from centers of power it will be the first victim since the political power of a group or groups demanding particular types of expenditure determine the priority within the budget (Burgess, 1997:333).

Such scenarios of stable or contracting budgetary provision of many developing countries may bring about significant structural changes in the allocation of

different types of expenditure. Especially, the balance between capital, recurrent non-salary & recurrent salary costs is likely to shift strongly in favor of the latter; it has also been argued that educational materials suffer even more among the other non-salary recurrent expenditure items. Under the regime of budget-starved public finances, expenditures on educational materials is treated as a residual item often taken care of after meeting the demands of vocal and politically powerful groups of teachers and administrators (Jain, 1997:353).

The other dimension of the problem of the financing of (primary) education is related to education policies that are either ineffective or that fail to set rational priorities (Hallak, 1990:6-7). In many countries, a considerable proportion of educational subsidies goes not to the neediest but middle-and upper-income families, especially at the post primary level. In a similar vein, the priorities of policy makers are often tilted towards favoring non-performing parastatals or defense ministries.

One would marvel to learn that the cost of a jet-fighter is equivalent to the cost of thousands of basic primary schools (Lewin et al, 1982:17); it is also known that in some countries, one finds four times as many soldiers to wage war as there are teachers to educate (Anderson, 1992:9). On the other hand, external factors such as natural disasters and perturbations in international markets that often result in domestic inflation complete the issue of the problem of finance.

Last but not least, as a factor underlying the problem of educational finance, one may cite the issue of "agency"; this refers to the fact that most educational services are consumed before people become adults and those responsible for meeting the private costs are the families of recipients rather than the beneficiaries (Colclough, 1997:13).

2.4 A BRIEF NOTE ON THE EVOLUTION OF PRIMARY SCHOOL FINANCE IN ETHIOPIA: FROM 1900 TO THE PRESENT

Modern education in Ethiopia made its debut following the opening of Menelik II and Tafari Mekonnen schools in 1908 and 1925, respectively. And a national education system began, in a strict sense, in 1926 when the Government had a budget for education (Tekeste Negash, 1996:101-102).

In 1935, on the eve of the Italian invasion, there were a total of 14 schools, most of which were privately financed; six years later, the first post-war schools were opened and the Imperial Government began its effort to lay the foundations of the education system from scratch with almost no money, no teachers, no equipment, and no indigenous teaching materials (Mulugeta Wodajo, 1959:26; Girma Amare, 1963:336).

Then in 1947 in a bid to surmounting the problem of finance, the Education Tax Proclamation was issued by the Imperial Government aimed at enabling the provinces to develop education in self-supporting bases; this was soon followed by the Educational Expenditure Proclamation which was issued in order to create the local Educational Board that would ensure the implementation of the Educational Tax Proclamation (Elias Awol, 1996:35). The Education Tax used to finance elementary education in the provinces while the Government financed secondary and higher education (Mulugeta Wodajo, 1967:9).

However, the insufficiency of this tax to adequately finance the country's elementary schools and the fact that in most cases even the insufficient amount was diverted for other purposes, undermined the importance of this source of finance. For instance, during the first four or five years of its life, this tax has averaged only about a third of the total expenditure on elementary education in which case

Government budget was to fill the gap (Assefa Bequele, 1967:54). Moreover, the tax was levied on arable land which is naturally found in the rural areas while most of the elementary schools were located in cities and towns. This entailed serious equity questions (Mulugeta Wodajo, 1967:9).

These and other factors like the existence of an inefficient taxation system and a stagnant rural economy compounded the unreliability of this source of primary school finance (Teshome Wagaw, 1971:35).

In addition to the Education Tax discussed above up until the 1960's other sources of school finance were the central Government (through income taxes, license taxes, import and excise taxes, sales and property taxes), foreign credits and loans (Bilateral and multilateral), and voluntary contributions by local communities, either in the form of labor, in kind or cash, or all of the three (Teshome Wagaw, 1971:35).

External sources also played a crucial role in financing Ethiopian education.

During the 1960's, these sources which include UNESCO, UNICEF, and the World Bank as well as the bilateral agencies, USAID, SIDA, and the British Council, accounted for 29 percent of the total budgetary contribution (Teshome Wagaw, 1971:33).

But this source was not without problems; in a study that covered the years between 1963-72, it was revealed that the priorities set by donors on the use of funds was on tertiary level education and most said went to technical assistance instead of capital or recurrent costs (Fisseha Tegegne, 1977:35).

The other sources of finance in the Ethiopian school system were school fees. Together with and before Government budget, these sources used to play an important role in financing schools. For instance, on the regulations concerning the

entrance requirements to the Menelik II school, article 3 stipulated that parents that could afford to pay to the education of their children were required to do so; those whose parents could not afford to pay would be exempted from any payments upon confirmation of their economic conditions (Mahatama Sellassie Wolde Meskel, 1963:607-624). It was also thought that after the school considered the income of parents it should determine the fees that children should pay. Free students were to be kept in school if they proved successful in their academic accomplishments and satisfactory in their conduct (Girma Amare, 1963:337). Children without parents or guardians would not only be exempted from payment but also the Government would provide them with food and clothing (Mahatama Sellassie Wolde Meskel, 1963:607-624).

Similarly, regulations were put into force regarding the Tafari Mekonnen school. Article 39, for instance, stipulated that students who lived and learned in the school would be required to pay an annual sum of 90 Birr; those who demand special meals would be asked to make additional payments.

Other interesting regulations included the case of families who sent two or three children to schools who would be given a 5 percent discount for any of the payments in the school; payments were also said to be responsive to the increase or decrease in prevailing market prices (ibid.).

All in all, up until the late 1960's "Parents had to be begged or even forced to send their children to school; schools were then not only giving free education, but food, clothing, and stationery (at nominal prices)" MOE and Fine Arts, 1971:27).

Even for the years since the 1960's, a similar state of affairs where education was taken as free prevailed except that parents had not to be forced to send their children to school; for instance, the US Mission that came into the country in 1953 to review

the education system as well as the 1961 historic conference on the development of education held in Addis Ababa both recommended compulsory, free and universal primary education. Similarly, in 1976, the National Democratic Revolution (NDR) program proposed the provision of education free of charge to the broad masses step by step (Fassil Kiros, 1995:82). This shows that successive governments believed in the free provision of primary education with regard to tuition fees. But, registration and other fees, though at times very insignificant, remained part and parcel of our education system. The major types of fees in the Ethiopian school system used to be, according to a 1996 PHRD study, registration fees, sports fees, and textbook fees; the study showed that until 1996, government schools obtained approximately 10 percent of their revenues from student fees, contribution from parents and the community, and other private sources, (World Bank, 1998:100). But following the fee-abolition measure taken by some regions like the Amhara region, registration and related fees no longer serve as sources of school finance (Amhara Regional Government, 1998:8).

Communities also play an important role in financing primary education. For instance, during the mid 1960's, local communities had been responding to the challenge of educational support in tangible ways. Community participation took different forms ranging from raising funds and contributing labor, to building and operating schools. Through the Swedish International Development Agency (SIDA), money for school construction used to be raised by the respective local communities. This amount of money was then matched by SIDA (Teshome Wagaw, 1971:35). In this way, ESBU helped in the construction of classrooms and equipping of schools. In programs where ESBU was involved, community participation was significant as the following account of Ethiopian student (1971:27) indicated: "Parents or communities paid fifty percent of the cost for

building classrooms, they share the burden of the schools by providing facilities, teachers, ...”

In addition to the above discussed sources, Ethiopian schools have had another source of school finance which is direct or school generated income. Following a circular issued in 1975, all rural schools were provided with ten hectares of land from local authorities for production, forming the first base for school income generation (Per Dalin et al, 1994:79). Although not as vigorous as during the previous socialist regime when school income generation reached its peak due to the ideological motive that invariably linked education to production, this source of school finance still prevails in many schools, the forms it take range from selling agricultural products to staging theatrical and sports events (Tesfaye Kelemework, 1998:3)

On the other side, when one traces how educational expenditure evolved over the years, the overall picture is one of rapid expansion vis-à-vis the available resources (Teshome Wagaw, 1971:35).

When it all began in 1942 educational expenditure amounted to 600,000 Birr (Tekeste Negash, 1990:103).

In the 1950's the financial outlay for education as percentage of total national expenditures was about 9.7 which grew up to 11.4 in 1964-65, while the mean average of per capita expenditure per year was \$ 1245 dollars between 1955-56 which declined to \$86 dollars per child per year by 1964-65; this figure reached \$69.8 dollars in the late 1960's (Teshome Wagaw, 1971:35).

During the early 1970's, the total funds available to the ministry of education and fine arts come to \$7.7 million. Out of this ,taxes and other fees raised by the MOF accounted for \$6.7 million, while community contributions for the building of

primary schools amounted to \$1 million; the remaining \$ 9 million was provided by foreign grants and loans by level of education; the funds that went to primary education came to \$7.7 million (Education Sector Review, 1972:27). The following account of Tekeste Negash (1990:89) encapsulates the situation of the mid-1970's and early 1980's:

The extreme scarcity of resources, the drastic expansion of the sector, the increase in the number of subjects taught, and the shortening of the school day all have combined to defeat the purpose of the education system

In the late 1980's, the primary education budget amounted to US\$ 103,333,420 in 1988 and 112,156,056 in 1989. The unit cost per primary student was US \$ 37.20,39.61, and 35.75, in 1985, 1986, 1987 and 1988, respectively (Per Dalin et al, 1994:84).

Between the years 1968 and 1993, real expenditure per school child increased by 209 percent (Elias Awol, 1996:77).

Then in 1993/94, the share of education sector in relation to total Government expenditure went up from ca.9.7 percent to 13.6 percent. However, Tekeste Negash (1996:90) challenges the nature of the increase saying that the World Bank managed Ethiopian Recovery and Development fund for the education sector might have been included in the education budget. The peace dividend had also its own contribution to the budget increase though not as significant as one would expect.

To sum up, the Ethiopian Education system has been characterized by an increase in demand that is not accompanied by a concurrent growth in Government revenue and GDP; this argument is supported by the findings of a recent study which revealed that economic and demographic factors including per capita per adult, relative factor prices of the inputs, production technology and demographic

structure were identified as influencing and governing the process of development of the education system (Elias Awol, 1996:78). Among the different educational levels, it was the primary sub-sector where such factors have been forcefully at work resulting in a serious under-financing of the level (Fisseha Tegegne, 1977:23; Tekeste Negash, 1996:69).

CHAPTER III

METHODS AND PROCEDURES OF THE STUDY

3.1. Method of the study

The method used in this study is the descriptive survey method; this method besides its popularity and ease in use makes available data collection instruments that have proved very successful in educational research.

The method helps to explain educational phenomena in terms of the conditions or relationships that exist, opinions that are held by students, teachers, parents and experts; it also makes possible the explanation of processes that are going on, effects that are evident, or trends that are developing (Koul, 1996:403).

Descriptive studies may vary in complexity ranging from the frequency count of events to the study of local problems without any significant research purpose to the attempt to ascertain significant interrelationships (dependence or independence) among educational phenomena. This study falls under the latter extreme where dependence between the variables involved in the study are to be determined.

3.2 Sampling Procedures

The study covered three zones for investigation from the southern part of the region; these zones which are the North Shoa zone, the Oromia zone, and the South Wollo zone were selected on the basis of the following reasons.

First of all, the researcher is well-acquainted with the areas who happened to have followed his childhood schooling in some parts of the areas mentioned.

Moreover, due to the limitations in finance and time, the researcher selected these zones based on their proximity to one another; the fact that these zones lie along the same route made it possible to go from one zone to another with considerable ease.

Once that is done, then from each of the south Wollo and North Shoa zones which had a relatively larger number of schools, 9 schools were selected. However, because of the very limited number of schools and also because of the very younger age (1-2 years) of most of the schools, the sample schools selected from Oromia zone were only 3. The sample selection was done using the technique of stratified random sampling; this was done in such a way that urban, semi-urban and rural schools were stratified and then random sampling was employed to select the schools for the study. The total number of schools the study covered were then 21. Care was taken to avoid the selection of schools that were very close together as to defy any variations.

Then from the vicinity of each school, 3 parents of randomly selected school children were subjected to the study; in other words, a total of 63 parents were involved in the study.

3.3. Instrumentation

3.3.1. The Questionnaire

The questionnaire was administered with the aim of gathering first-hand and general information on enrollment, school revenue, school budget (if any) and school expenditure. In addition, this questionnaire which was administered to a total of 21 school principals provided the necessary background information on the school studied. And it involved both open-ended and close ended questions. In spite of all these, the questionnaire had only a secondary and supportive importance intended to clearing up ambiguities and enriching the interpretation of the results of the quantitative data.

Finally, the questionnaire was chosen over the interview scheme for this purpose because the researcher found out that as most questions were on money-matters, they require careful reflection to which outright (face-to-face) responses might not be possible.

3.3.2. The Interview Scheme

To begin with, like the questionnaire, the interview schemes had the purpose of only gathering information that would enrich the discussion of the results of the content analysis. The interview schemes were administered to zonal education officers and parents of school - going children. The interview scheme that was administered to parents containing open ended questions had the aim of gathering first hand information on such matters as diverse as the impact of the fee-abolition; the timing of school fees; and possible measures to boost demand for schooling.

The second interview scheme was administered to zonal education officers of the three selected zones. This scheme had the purpose of gathering preliminary information on such matters as total number of schools in each zone; budgetary allocations, if any, total enrollment, criteria for budgetary allocations; overall impact of the fee-abolition measure, etc.

3.3.3 Content (Document) Analysis

Content analysis is a method of data collection that is concerned with the classification, quantification, and comparisons of the content of documents and their communication (Koul, 1996:412)

Given that fact, since this study had to go back some years to analyze documents, this method of data collection seemed the most appropriate. In fact, this tool of data

collection was the most important one in this study with the other tools used serving only as giving supportive information.

Moreover, the common procedures used in any content analysis such as the definition of the unit of analysis; the investigation of the direction and intensity of the reference; sampling; the design of the recording format, etc. were to a great extent applied to this study.

The content analysis was used to gather data on school generated income (excluding registration fees); income from registration fees; enrollment of both sexes; and supplies that schools get from Woreda Education Offices; all these data were collected involving the periods both before and after the abolition of registration fees. The data were collected in numbers using a specially prepared form (please see the appendix section) from the already samplly-selected schools and their respective Woreda Education Offices; the data were gathered from the roasters of schools and from books kept at the Woreda Education Offices which are called "የትምህርት መረጃና እስታቲስቲክስ መዝገብ (Book of Educational Statistics)". Unusual trends in direction and intensity of the data were scrutinized with the help of the personnel at the schools and Woreda Offices.

Table 1 DATA SOURCES AND TYPES OF INSTRUMENTS USED

No	DATA SOURCES	TOTAL NUMBER INVOLVED	TYPE OF INSTRUMENT USED
1.	Zonal education officers	3	Interview scheme
2.	Principals	21	Questionnaire
3.	Parents	63	Interview scheme
4.	Schools	21	Content Analysis
5.	Worda education offices	21	Content Analysis

3.3.4. Validation of the Instruments

All instruments employed in the study were first subjected to a try - out in their draft form. This pilot test of instruments was conducted in South Wollo zone and North Shoa zones. The test was allowed to have a relatively longer time to make sure that ambiguities and questions that may easily lead to bias were identified. The pilot test was conducted on three samplly selected schools of each of the two zones.

Following the pilot test which had a 95 percent rate of return of the instruments, constructive adjustments were made to all instruments; a significant change was introduced especially to the form used to record the data of the content analysis.

Finally, the instruments were used in the main study once the researcher was convinced that they were ready and reliable.

3.4. Data Collection Procedures.

The questionnaires consisting of 20 questions of both open-ended and close-ended items were handed out to the individual school principals by the researcher himself; the researcher also made himself available for clarifying unclear questions. Each principal was given 4 days for filling-in the questionnaires and the return was 100 percent as the researcher himself went around to collect them.

The interview schemes to the Zonal education officers were also administered by the researcher himself and was done after having fixed a date at the convenience of the officers. In two of the three interviews, questions were added to the already set and the discussion was lively.

As to the interview schemes administered to parents of school children, two approaches were used, first, in areas where the language and dialect used was less clear and loaded with words of *double entendre*, the researcher had to tape-record them; this was done entirely on the free will of the interviewees. However, in most cases, the researcher took down notes while the interviewees responded to the questions. Both the questionnaire and the interview schemes were set and administered in Amharic. though all have English versions(please consult the appendix).

The document analysis involved the researcher in person and an employee from each Woreda Education Office and the principal of the school concerned. The information was taken from school rosters and statistical books kept at the individual schools and Woreda Education Offices; cross-references were made

between the data on the school rosters and the statistical books when ever the information happened to be found in both.

The data involved the years 1987 EC and 1989EC; the year 1988 EC was found to be the year when registration fees were abolished in the zones covered by the study. Assuming that the fee-abolition measure might not have reached the ears of parents immediately after it took effect, 1987 EC was taken as the year when data for “before the abolition” were collected. For “after the abolition,” 1989 EC was used as the year of the data.

3.5 Data Analysis Procedures

Studies conducted on issues where enrollment and fees are involved have used a method of analysis referred to as Log Regression. But, in this method, nearly all the dependent, independent and control variables have to be exhaustively and specifically identified. Such a tool of analysis is not only very complicated but it is also less manageable to novice researchers.

Under these conditions, the use of another analysis tool of less complexity and of greater flexibility becomes a necessity. The most common tool of analysis that has proved successful in educational circles is what is called the RXC (Row X Column) Contingency Table Test.

This test has also the added advantage that where and when the data are less complicated and manageable, the analysis can be done manually without the expensive use of the computer.

Similarly, the study used this tool of analysis resorting to both ordinal and manual analysis procedures depending on whether the data are less or more complicated.

Explaining this analysis tool further, it is a χ^2 - test of goodness of fit; it applies where each member of a sample is classified by one characteristic into R-classes (e.g. fee-abolition) and by a second characteristic (gender, revenue or expenditure) into C-classes.

The entry into any of the RXC^{th} cell is the number of members of the sample falling into that cell.

This being the crux of the tool, further illustrations are given below.

We have H_0 , the null hypothesis that is being tested and H_a , the alternative hypothesis.

H_0 : The two group of characteristics are not associated or are independent.

H_a : The two groups of characteristics are associated or dependent.

The expected and observed (actual data) frequencies are used where the expected ones are computed from the actual by multiplying the row total by column total divided by the overall total sum of the RXC^{th} cell.

Then, we compute the calculated Chi-square from the data at each cell by:

$$\chi^2 = \frac{(\text{observed} - \text{Expected})}{\text{Expected value}}$$

at each cell, and Compare it with the tabulated Chi-Square value at some significance α and $(R-1) \times (C-1)$ degrees of freedom.

Acceptance of the null hypothesis occurs when calculated χ^2 is less than tabulated- χ^2 . Otherwise, we reject the null-hypothesis and accept the alternative one.

TABLE 2 ANALYSIS AND INTERPRETATION OF THE DATA

This chapter presents the results of the analysis of the data that were mainly obtained from the content analysis of school rosters and the books kept at the Education Offices of the respective Woredas.

The figures in the tables of the results section are average figures which comprised the data from the 21 sample schools. Beginning with the results of the analysis, the chapter continues to the detailed discussion of the results entertaining the possible causes of each result step by step.

In the discussion section, a number of anecdotes obtained both through informal conversation and through the formal administration of the questionnaire and the interview schemes are cited here and there.

As a matter of fact, these supplementary data seemed to have proved what the χ^2 test of the quantitative data revealed.

Assuming that the readers of this paper are well-acquainted with this tool of analysis and the procedures it involves, the whole analysis procedure is presented as it is.

Finally, given the nature of the study as it focused on quantitative aspects, the discussion part tries to address only key and relevant issues with as much precision as possible.

The presentation is done in such a way that tables with both observed and expected frequency data pertaining to the first hypothesis are given followed by calculations and the acceptance or rejection of the hypothesis; these steps are repeated in the treatment of the data of the other two hypotheses.

The computation for the χ^2 cal is as follows:

$$\begin{aligned} \chi^2 &= \sum \frac{(O_f - E_f)^2}{E_f} = \frac{(52.66-51.57)^2}{51.57} + \frac{(50.48-51.57)^2}{51.57} \\ &\quad + \frac{(47.34-48.43)^2}{48.43} + \frac{(49.52-48.43)^2}{48.43} \\ &= 0.0230+0.023+0.0245+0.0245 \\ \chi^2 \text{ cal.} &= \underline{0.095} \end{aligned}$$

At $\alpha = 5\%$ level of significance and 1 degree of freedom the tabulated $\chi^2(1) = 3.84$. Hence, we don not reject the null-hypothesis (H_0) \Rightarrow we accept independence because $\chi^2 \text{ cal} < \chi^2 \text{ tab} \Rightarrow 0.095 < 3.84$.

In other words, there is no-association between enrollment with respect to gender and fee-abolition.

The increase in overall enrollment can easily be observed from the table and can easily be expressed in percentage.

Table 4 Overall School Revenue Data for All Sample Schools

	School Revenue from		
	Registration fees	Other Income	Sum
Before the Abolition	100	42.87	142.87
	(105000)	(94500)	(199500)
After the Abolition	0	57.13	57.13
	(0)	(125937)	(125937)
Sum	100	100	200
	(105000)	(220437)	(325437)

H₀: There is no association between school revenue and fee-abolition

H_a: They are associated.

$$\begin{aligned} \chi^2 \text{ cal} &= \sum \frac{(O_f - E_f)^2}{E_f} = \frac{(100 - 71.435)^2}{71.435} + \frac{(0 - 28.565)^2}{28.565} + \frac{(42.87 - 71.435)^2}{71.435} \\ &\quad + \frac{(57.13 - 28.565)^2}{28.565} \\ &= 11.422 + 28.565 + 11.422 + 28.565 \\ \chi^2 \text{ cal} &= \underline{\underline{79.974}} \end{aligned}$$

At 5% level of significance, the tabulated $\chi^2 = 3.84$ since the calculated $\chi^2 = 79.974$ is significantly greater than the tabulated χ^2 which is 3.84, there is very strong association between school revenue and fee -abolition; from table 4, one can easily see the percentage increase in other income following the fee-abolition measure.

Table-5 Total Expenditure Data for All Sample Schools

	Overall School Expenditure		
	Stationary and Supplies	Other	Sum
Before the Abolition	115500	73500	189000
After the Abolition	82733.70	43056.30	125790
Sum	198233.70	116556.30	314790

Table-6 Percentage Expenditure Data for All Sample Schools

	Overall School Expenditure		Sum
	Stationary and Supplies	Other	
Before the Abolition	61.11 (63.44)	38.88 (36.56)	100
After the Abolition	65.77 (63.44)	34.23 (73.12)	100
Sum	126.88	73.12	200

H_0 : Fee abolition and overall expenditure are independent or , there is no association between overall school expenditure and fee abolition.

H_a : The two are dependent (associated)

$$\begin{aligned} \chi^2_{Cal} &= \sum \frac{(O_f - E_f)^2}{E_f} = \frac{(61.11 - 63.44)^2}{63.44} + \frac{(65.77 - 63.44)^2}{63.44} \\ &\quad + \frac{(38.89 - 36.56)^2}{36.56} + \frac{(34.23 - 36.56)^2}{36.56} \\ &= 0.0856 + 0.0857 + 0.148 + 0.148 \\ &= 0.4672 \end{aligned}$$

At 5% level of Significance the tabulated $\chi^2_{0.95}^{(1)}$ is 3.84; since the calculated χ^2 which is 0.4672 is significantly greater than the tabulated χ^2 which is 3.84, we reject the null hypothesis. In other words, the test revealed that the fee-abolition measure has no direct effect on school expenditure; however, its adverse impact on overall school revenue has significantly affected overall school expenditure, resulting in a significant decrease in overall school expenditure following the fee-abolition.

PART- TWO Discussion of the Results

To start with, the fee-abolition measure has, according to the results of the study, brought about an increase in enrollment of about 20 percent in that part of the region. This is a very insignificant increase compared with the other aspects that have directly and significantly been affected by the measure.

The increase in enrollment may have been due to a number of factors: the first potent factor is the population dynamics; given the fact that the country is characterized by unabated population growth, the increase in enrollment might well have been one inevitable outcome of this state of affairs. Even the increase in enrollment may not even have equaled the increase in school age population even though this study was unable to prove it; this is due to the fact that let alone population data of school age children of three to four years back even current data of the same is virtually impossible to find in woredas or zone responsible offices.

The other very interesting phenomenon that the researcher observed was the closure or degradation of schools in some areas; this was allegedly done for reasons that have to do with school concentration and student number. However information from parents' interview and insiders information have revealed that there are other reasons: school principals of primary school of both cycles (1-8) are now seen resorting to a practice where a very low number of students are deliberately reported which would result in the "degradation" of the school into one of only the first cycle. This in turn would guarantee the principal of a diploma holder to leave the school (the village) and settle in the towns where both cycles exist.

When this happens, students of the “folded-down” schools now flock to other schools; this phenomenon has contributed to the increase in enrollment in some schools.

On the other hand some parents explained that now that drought has struck again, there is no need to retain children at home for their labour which may have contributed to in the increase in enrollment.

To a question as to the benefits that accrued from the fee abolition measure in boosting demand for schooling ,many parents responded that “whether or not fees are in place, we send our children to school as far as their age and the school distance allow”. These parents are of the opinion that compared to school distance, the abolition of fees play a very insignificant role in raising demand for schooling.

Furthermore, another incidence has contributed to the apparent increase in enrollment following the abolition especially in some of the schools covered by the study. The incidence is the starting of a feeding program for children which, as a matter of course, coincided with the fee-abolition measure. Many parents and principals argued that the feeding-program may have contributed to the increase in enrollment more than the fee -abolition measure itself.

Another possible factor for the Increase in the number of students may have been the case of families of school children who may have transferred to the areas where the studied schools are found. However, given the predominantly agricultural life in these areas, transfers are almost non-existent.

In light of all these factors, increase in enrollment that the data revealed may only be an apparent one which resulted from the systematic incapacity to control the factors discussed.

Secondly, the χ^2 - test revealed that enrollment with respect to gender was independent of the fee-abolition measure. In other words, the fee-abolition measure

didn't bring about an increase in enrollment of female students over male students or vice versa.

The second result of the χ^2 analysis revealed that school revenue is associated with fee-abolition in such a way that a reduction in overall school revenue was observed following the abolition. However school-generated income (excluding registration fees) has shown an increase following the abolition; while there was a 100 percent decrease in registration fees, there was a 25 percent increase in school-generated income. A number of factors may have been behind such a state of affairs.

First and foremost, money -starved schools that had hardly any money were forced to look for each and every possibility for revenue raising to make ends meet.

In many of the schools covered by the study, schools which had never staged a Parent's Day, have now made it part of their annual calendar. This was for the sole purpose of generating income for running the schools.

In other schools, the prices of agricultural lands that were leased before the abolition were nearly doubled to make up from the loss in revenue for fees.

Still in other schools, committees organized from parents and representatives of Peasants' Associations imposed payments ranging from Birr 2-3 per head for school running purposes.

Interestingly enough, some schools, albeit few, have gone all the way back to imposing registration fees on their students.

All these factors may have contributed to the increase in school income (excluding registration fees) which the study revealed.

The third result of the χ^2 -test showed that there is no association between the fee-abolition measure and school expenditure. Nevertheless, the fee-abolition

measure has brought about a significant reduction in school expenditure, hence school service provision not in its own right but through its negative effect on another variable, namely overall school revenue. The break down in school services that is the logical outcome of the reduction in school expenditure has been seen to have a number of unwelcome effects.

This researcher has had the chance to visit schools where children of the first-grade excrete just under the back walls of their classrooms and dirt accumulating in the corners of classrooms. In fact schools are provided with stationery materials from their respective Woreda Education Offices. However, not only are the stationary materials very limited in quantity but also their arrival is untimely and irregular. A principal commented that teachers contemptuously enough, sometimes resorted to borrowing pens from their students.

Moreover, teachers are often asked to reduce the number of exam questions for lack of paper. The fences of most schools have collapsed that one sees cattle feeding and playing next to class rooms. In one of his visits to a school near the town of Kemissie, this researcher saw a school the walls of which are made of corrugated iron almost falling down; observing the whole condition of the school, a friend dubbed it as resembling a “cotton store”.

In addition to the above conditions one observes disconnected electric wires hanging down over the heads of little kids; in some classrooms the blackboards have so brutally lost their color, teachers prefer to use the walls where they are in cement and color-painted. In general, the χ^2 - test as well as the questionnaire and the researcher’s visits and the zonal interview all revealed that the impact of the fee-abolition measure on school services was disastrous.

PART THREE General Discussion

To carry the discussion a bit further relating to the above cited issues, one can mention the possibility of considering other options where fee-abolition is in place.

Whenever schools no longer get what they used to, they only stretch to the option of foregoing their basic / important services. And schools can't be blamed for that : such measures which often deprive schools of their "bread and butter" are mostly taken without the prior knowledge of school principals or teachers. As they are imposed on them for rapid implementation, they are not only taken as a bad surprise but also as intruders that disturb the status quo.

Fee - abolition results in a significant loss of revenue for schools while the school - running costs are still there. In such a situation, principals find themselves in a state of mental conflict where the choice of foregoing a certain service in order to retain another would become tormenting.

In the end a service that used to be so essential comes to a sudden stop with its own repercussions that may go as far as stifling the teaching - learning process itself.

Therefore, some years before implementation of measures like fee - abolition, principals and teachers need to be informed to engage in some kind of strategies that can mitigate the unwelcome consequences of the measures.

It is partly for this reason that it is suggested that when such measures are to be put into operation, prior studies become mandatory. But whenever studies would make no difference, due to the political determination of the policy makers to go ahead with their measures, attempts to minimize the adverse effects need to be made.

The fee abolition measure, apart from its impact on quality through directly affecting the provision of school inputs, has also indirect effects on quality.

In our case for instance, the measure is said to have reduced the already nominal parental responsibility of following - up school activities: since schooling is free students “consume” it taking it for granted; parents pay no attention to teacher incompetencies, or truancy of students.

On the other hand, despite its major aim of boosting enrollment, fee - abolition sometimes ends up knocking the doors of poor households. In settings like Kenya, fee - abolition brought about a sudden collapse in the teaching - learning process. This forced the frustrated school authorities to go as far as imposing hitherto non - existent types of fees. In that country it was reported that, in certain settings, the cost to parents increased fourfold and reduced the enrollment of poor children (Lockheed and Verspoor, 1991 : 162).

It is wonderful to hear nowadays over the media that political parties of every sort, without exception, declare free - education as their political agenda.

This seems to spring partly from the need to solicit public support from the grass - root majority to whom “free” means everything.

In other words, this has become an area of manoeuvring to secure political legitimacy. However, “free” would imply everything that is harmful to schools especially given our impoverished state.

As many governments attempt to secure political support, they declare education free and enshrine it in their constitutions; they further make bold projections of universalizing primary education in the year But after some years, they would find, and they wouldn't be surprised, that there is a wide gap between what they promised and what they delivered.

To take our own case, Ethiopia first set out to achieve UPE in the early 1980's, but the attempt failed due to lack of resources; again the previous regime made a similar attempt and failed due to the same old reason of finance. And currently, the global agenda of universalizing primary education which Ethiopia also endorsed is fast approaching while almost no progress to that direction has already been made.

Therefore, whenever free-education is taken as a policy issue, genuine progressive considerations need to be made. Appeasing the uninformed public temporarily does not imply that something promoting public welfare is done; quite to the contrary, it is like further misleading the uneducated public denying its children of quality education.

The bitter taste of free (i.e. cheap) but poor quality education is already being experienced; children of the fourth grade could not write their names in full and they can hardly count to fifty in English, etc.

The other major consideration where and when fees are abolished is the need to develop school generated income.

This source of income, if employed with care, may reward schools with even more money than they used to have before fees were abolished.

However, if these sources are used excessively, they can affect the teaching - learning process itself as school's time is consumed outside the class - room. This is so especially when student labor is used to generate income.

Care should also be taken so that the relationship between schools and communities and schools and local businesses are not dampened.

On the other side, at the national level, governments may impose an earmarked tax for primary education; the taxes take different forms: taxes on selected

Many scholars argue that the chronic underfunding of basic education services is due to a number of reasons one of which may be fee - elimination; the reasons reflect not only limited tax capacity but also a lack of commitment on the part of both central and regional governments to fund these services; they also imply a failure of the public to effectively elicit such commitment (Burgess, 1997:325). The issues raised above point to the fact that the financing constraints to the provision of basic / primary education are endogenous rather than exogenous.

As it has already been cited in chapter II of this paper, there is now a wide range of evidence to show what countries or regions benefit from their commitment to basic education; commitment to providing widespread access to basic/ primary education services have achieved improvements in the standards of living. It has also been suggested that, when tax - capacity is low, widespread public provision of basic social services can be instrumental in transforming living standards (Burgess, 1997 : 325). It is therefore the decision to devote large parts of the public expenditure budget to basic education services that matters in promoting human development along these dimensions.

The measure of the fee - abolition should have been therefore followed by the commitment and then the devotion of public budget to schools. However, such a situation did not realize as the government of the region of the study was in a state of budgetary starvation.

In a situation where in some countries spending on education services is falling as a share of the total expenditure, here one ill-step is further taken to abolishing fees with the effect of eroding the stable financial source of schools.

Let alone in situations of chronic shortage of money in government treasury which is the prevailing picture in the developing world, basic / primary education has always been an area of neglect. One can cite the case of Region - 3 where

following the abolition, the regional government failed to provide any money for school - running purposes. Even before the whole nation began mobilizing its resources to the war effort, schools were already craving for money.

In other words, the prevailing budget deficit can't be the reason for the regional Government's failure to provide schools with what they need.

The whole situation seems to boil down to a lack of priority accorded to primary education and a distorted view of its significance.

Burgess argues that chronic underfunding of basic education and of other pro-poor expenditures is as much a reflection of the low priority attached to these heads of expenditure in the budget process; he goes on to point out that pro-poor expenditures are often determined as a residual after higher - priority budget demands have been met (Burgess, 1997:333).

With increasing fiscal stringency, as is the case in today's Ethiopia, the real amounts of funds being devoted to pro-poor expenditures may thus be falling. This is partly because priority within the budget is determined by the political power of the group or groups demanding particular types of expenditure.

Despite their large number, the representation of the poor in the budget process is limited as is their political power.

Turning back to the budget process in the Ethiopian education sector, the budget proposals that schools present are often discussed by other agents with a limited stake in the teaching learning process. The so - called discussions are often times characterized by mere acclamations and unanimous ratifications.

In a scenario where the beneficiaries from primary education are not even aware of the term “budget”, it is small wonder that this sub - sector is on the front - line of severe budgetary cuts, and at times, of out right budget cancellations.

In this regard, Burgess (1997 : 334) discusses that opening channels of communication between the public and the government helps to increase the information available to the government concerning the preferences of consumers. He further argues that the problems of incomplete information in the allocation of public funds can be reduced through the help of representation and free - media. To sum up the issue of budget, in light of the Amhara region’s fee abolition measure, although the above discussed conditions exist, the problem is not one of budget shortage but a problem of its utter absence.

Furthermore, where there is transparency, the public will be more willing to fund publicly provided services through taxation. This would automatically help widen the resource base of these services.

The above discussions dealt with the issues surrounding the ways to increase the overall size of the budget to the primary sub-sector. The problem of the government’s failure to know the preferences and choices of the people and hence the ensuing inequity in the allocation of public budgets can be partially circumvented by the measure of decentralization. This is because decentralized systems allow more responsiveness to local concerns as well as more fiscal responsibility and efficiency of provision.

Turning the discussion to our case, the first visible outcome of the policy of decentralization in Ethiopia was the emergence of policy disuniformities among the country’s regions.

But the question is has this policy issue contributed to the augmentation of the resource base of the primary sub-sector in Ethiopia? Have the impacts of the fee-abolition measure been mitigated by the measure of decentralization that was already in place? This can be discussed by categorizing fiscal decentralization into decentralization of provision and decentralization of revenue generation. Decentralization of provision helps one to have better information on education needs and implementation constraints as well as on preferences at the local level. This implies that decentralized provision may serve local needs more exactly.

However, the problem is not just the availability of information but rather whether there is an incentive to utilize this information. In our case, this seems to be lacking as local politicians themselves are oftentimes ignorant of what goes on in the schools within their jurisdiction.

Unlike in more democratic societies where the political survival of the local government is dependent on satisfying local needs, the situation in Ethiopia is quite different.

Therefore, while the decentralization measure was, under normal circumstances, expected to improve efficiency in educational provision, this did not realize in our case. Had this measure succeeded in serving its purpose, it would as well have mitigated the adverse effects of the fee - abolition measure.

The second aspect is the decentralization of revenue generation; local government can generate income through both tax and non tax measures. However, revenue - raising at the central level competes with revenue - raising at the local level.

Given the meager resources Ethiopia has, such a measure, as is now in practice, would increase revenue at one of the tiers of government only to decrease it at the other.

Into the bargain, scholars in the area argue that our fiscal decentralization policy is full of ambiguities concerning the question of revenue raising at the central level and at the regional level. One of these is that the taxes to be collected and utilized at the regions and those to be collected and utilized at the center are not clearly put (Eshetu Chole, 1993 : 141).

Perhaps due to the above discussed reasons and other constraints, the fiscal decentralization did not make any head way in increasing the resource base of the regions or the services in their purview. Even partial realization of the resource - augmenting objective of the decentralization policy would not have allowed the fee - abolition measure to wreck havoc to the primary sub-sector.

Finally one can say that the fee - abolition measure, which has so far been the focus of our discussion and interpretation in light of the related literature, has opened a Pandora's box of educational ills. These ills had the overall effect of paralyzing the government school system : complete break - down of services; deteriorating educational quality; a loss of interest in schooling on the part of parents, students and the community; reduced teacher accountability; and the like.

CHAPTER V.

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary of the Findings

In a world of unlimited wants and limited resources, the problem of finance is a universal problem; especially where there are budgetary constraints due to a number of factors, the issue of finance becomes one of decisive importance.

When one goes further down to the allocation of this constrained budget, the social sector of which education is one, will be the first victim.

Furthermore, given the fact that basic /primary education has a less articulate group behind it to defend its interests, this sub-sector is often a forgotten area; and as such only left over budgets are thrown to it after the other areas of influence are taken care of.

Apart from their budgetary sources , schools have other non-budgetary sources of finance one of which are fees.

Fees are charged in both government and non-government schools; the charging of fees in private schools is a practice against the use of which no one argues. However, the use of fees in government primary schools is an issue that has recently gained considerable public attention.

Arguments both against and in favor of schools fees are often put forward. This is because the practices vary from country to country. In some regions of Ethiopia like the Amhara region, fees were abolished in government primary schools some years back with a view to boosting enrollment.

The abolition measure is, however, not without any impacts; it is to investigate this impact that this study set out with the specific interest of addressing the following basic research hypotheses:

- 1) a) The fee abolition measure is positively associated with overall enrollment
 b) There is no association between fee-abolition and gender
- 2) a) The fee abolition measure is negatively associated with overall school revenue.
 b) The fee abolition measure is positively associated with school-generated income (excluding registration fees)
- 3) The fee-abolition measure is negatively associated with overall school expenditure.

To deal with these research hypotheses, a content analysis was done on overall enrollment and male-female enrollment; overall school revenue as well as registration fees and school-generated income; and overall expenditure.

The content analysis covered the three zones situated in the southern part of the region; these zones were North Shoa Zone, Oromia Zone and South Wollo Zone.

From these zones, schools were selected using a stratified random sampling technique. Using this sampling tool, the primary (1-8) schools in all zones were stratified into urban, semiurban, and urban schools and from them, random samples were selected. Accordingly, from each of the North Shoa and South Wollo Zones, 9 schools were thus selected while only 3 schools were selected from Oromia Zone;

only 3 schools were selected from this zone because the Zone's schools are not only very limited in number but also very young in age. Then with the aim of having supplementary information that would enrich the discussion, the conclusion and the recommendations, interview schemes to zonal education officers and parents as well as a questionnaire to principals were administered. The researcher's visits and observations have also contributed toward completing the study.

The data so secured were then subjected to a χ^2 -test of independence where the following results were obtained. According to the findings, fee-abolition was found to be positively associated (though weakly) with overall enrollment while it was totally independent of gender. Secondly, there was found a negative association between fee-abolition and overall school revenue; but fee-abolition was found to be positively associated with school generated income (excluding fees). Finally, it was revealed that the fee-abolition measure was independent of overall school expenditure even though the latter has very adversely been affected by the drop in overall revenue.

5.2 Conclusions

This study investigated the impact of the fee-abolition with specific references to enrollment, school revenue and school expenditure. And as such, it is the first one to be conducted in the country; hence this makes it impossible to cite the result of similar studies conducted here.

However, studies carried out elsewhere are of mixed results. In some schools in Kenya, the fee-abolition measure made primary schooling even more expensive; in Malawi, on the other hand, the abolition measure boosted primary enrollment to such an extent as to make the country achieve near UPE

Still in other settings, successful discriminatory fee-abolition measures were reported.

Coming back to our case, as regards the Amhara region's fee-abolition measure with specific reference to the southern part of the region which were covered by the study, the following conclusions were drawn.

With respect to the first hypothesis which posits that fee-abolition is positively associated with enrollment, it was concluded that the fee-abolition brought about an increase, albeit, insignificant, in enrollment. However, there was found no association between fee-abolition and enrollment with respect to gender.

Concerning the first part of the second hypothesis it was declared that the fee-abolition measure was negatively associated with overall school revenue; therefore was concluded that the fee-abolition resulted in a reduction in overall school revenue.

But as to the second part of this hypothesis, it was declared that the fee-abolition was positively associated with school generated income; the conclusion drawn was that the measure brought about an increase in school-generated income.

Finally, the third hypothesis declared that the fee-abolition measure was not directly associated with overall school expenditure. Nevertheless, the conclusion drawn from the result showed that the drop in overall school revenue resulted in a reduction in school expenditure for the purchase of stationary materials, supplies and others. In other words, the fee-abolition measure brought about an almost total break down of school services.

5.3. Recommendations

5.3.1 Short-Term

On the basis of the findings of the study and the conclusions drawn therefrom, the following recommendations are suggested: first of all the increase in enrollment of the fee abolition measure was not only insignificant but also it may have resulted from a number of other stronger factors .Hence, it is recommended that registration fees be reinstated so that money-starved and collapsing schools survive from their approaching demise.

However, when this is done, other options that may shield some parents that cannot afford to pay are suggested.

First, children of very poor parents or parents with disabilities may be exempted, partially or fully, or they may be made to contribute in kind rather than in cash. Or, as far their capability allow, they may be asked to contribute labour or materials.

Similarly, parents with more than a certain number of school going children maybe allowed to pay at discount rates. Moreover, the timing of fee-paying may also be adjusted so that students are allowed to pay following the harvest season.

In addition, looking at the issue the other way round, where and when the fee-abolition measure is left to continue operating, governments have to live up to their promises to supply what schools need; however, let alone our governments (central or regional) which are perhaps the most money-starved on the planet, many better-off governments were seen to have fallen short of their promises; this is especially so when it comes to fulfilling the needs of their basic education and health services.

If this is the reality, then the reverse i.e.; reinstatement of registration fees becomes not only true but also the only option.

Therefore, policy-makers of the Amhara region who are directly responsible for the measure are asked to reconsider this decision which was, even at its inception, political rather than academic.

With regard to the reduction in overall school revenue that resulted from the fee-abolition measure, the same recommendation i.e., reinstatement of registration fees is suggested.

The other interesting point is in school-generated income that resulted from the fee-abolition measure; concerning this it is recommended that regardless of whether registration fees are reinstated or not, schools are advised to keep up their encouraging efforts of looking for new sources of income.

If registration fees are not reinstated, the newly developed sources of income would fill the gap; and even where they are reinstated, the overall augmentation of the income of schools would further support the schools efforts in improving quantity and quality.

The third and final issue has to do with the significant association between fee-abolition and overall school revenue and the ensuing significant impact on school expenditure. In other words, the reduction in school expenditure for basic services, stationery and supplies has resulted in a near paralysis of the teaching learning process; it has also brought about a collapse of school services.

These situations have repeatedly been echoed by principals, teachers, students and other people who visited schools.

Therefore, it is high time that every concerned citizen contributed towards either the mobilization of resources through other means or the reinstatement of registration fees.

This study recommends that registration fees be reinstated as soon as possible so that the nearly disrupted teaching learning process picks up with its old fervor; the recommendation just made is also targeted to policy makers of the region.

In addition, the idea of the possibility of levying an ear-marked tax, especially in light of our current effort to universalize primary education, is another area to be taken seriously; it is suggested that taxes on certain luxurious commodities such as tobacco with the specific purpose of financing primary education would help widen the resource base of the sub-sector.

The community is also another untapped source of income for schools. Regardless of the way it was done, the recent huge resource mobilization effort for a cause quite antithetical to education has demonstrated how this source has a promising potential.

However, the community should not be put in a financial pressure of all sorts: the ability of the subjects as well as the time and kind of contributions need to be carefully observed.

Therefore, when schools crave for money, it is suggested that they consider the possibility of turning to this source to make ends meet.

5.3.2. Long Term

Stretching our recommendations a bit further from a suggestion of a mere reinstatement of registration fees to the use of new policy inputs, we find the fiscal measures of tax and expenditure reforms.

It has repeatedly been said that the tax instruments of the developing world are unresponsive to the rising public demand for education or health services.

Burgess (1997:309) mentions two assumptions that underlie the prevalent view that basic education and health budgets are of relatively constant size.

First, limited administrative capacity and other constraints are taken to imply that overall tax capacity is fixed in most developing countries.

Second, it is assumed that the allocation of revenue to different heads of expenditure is fixed by political and other considerations.

These two issues can be relaxed through tax and expenditure reforms.

Given the fact that the above assumptions have a close relevance to our context, so also the reforms suggested to relax them will have one.

The tax reform begins from evaluating the strength and weakness of the existing financing (tax) instruments.

The three basic properties of such instruments, namely, implementability, stability and buoyancy need to be scrupulously examined as the first step towards the reform.

implementation and because of their limited scope for achieving redistribution (Burgess, 1997:342).

In addition to limited tax capacity, expenditure priorities are also of critical importance.

Expenditure reform, it is argued, is about rethinking the role of the State where its role in some area of activity is weighed vis-à-vis its role in others.

Two aspects of expenditure reform have been suggested: within the education sector itself and within the government budget as a whole (Burgess, 1997:342).

It is believed that limited government commitment to basic education and health expenditures constitutes the main constraint on extending coverage. Therefore, changes in the composition of public budgets without changing the size of the aggregate budget can bring about significant changes in that direction.

Hence, the recommendation here, which goes without saying, is that budget allocations be made for the primary sub-sector in the region as quickly as possible. This can be done by changing the composition of the expenditure items within the budget of the education sector or of the aggregate government budget. The personal experience of this researcher is that huge amounts of budget are returned and credited to the Central Treasury Account from some sectors; yet others have to end up with negative balances deductible from the coming year's budget.

This situation shows not only that the budget allocation springs from a poor need assessment but also that changing the composition of the aggregate budget is a real possibility.

Finally, this researcher does not stop hoping that the recommendations of this study and many others would not go unheeded on the part of those responsible.

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APPENDIX I
ADDIS ABABA UNIVERSITY SCHOOL OF GRADUATE STUDIES
FACULTY OF EDUCATION
DEPARTMENT OF EDUCATIONAL ADMINISTRATION

An Interview Scheme to the Head of the Zonal Educational Department

This interview scheme is administered with the aim of gathering first - hand information on issues related to government budgetary allocations, if any, to individual schools now that registration fees are abolished. The identification items have the purpose of facilitating the analysis of the questions that follow.

Expressing his heart - felt gratitude in advance for your cooperation, this researcher brings to your attention the fact that secrecy as to your identity is guaranteed and your responses are to be reported only anonymously.

Student, school of graduate studies.

1. General data

Age _____ Sex _____ Educational background _____

Region _____ Zone _____ District _____

Number of primary schools in the zone _____

1. Time of the abolition of the registration fees in the zone _____

2. What in your opinion is the aim of the fee abolition measure?

3. Do primary schools in your zone get any government budget now that registration fees are abolished?

4. Who is responsible for fixing the amount of the budget, if any, to the schools?

5. What factors are considered in allocating budgets, if any, to the schools?
6. In what form, in cash or in kind do the budgetary allocations, if any, arrive at the schools?
7. How does the budget, if any, arrive at the schools especially when the promised amount is compared with the released amount?
8. Does the allocated budget, if any, arrive at the schools on time?
9. Briefly state your overall opinion about the fee - abolition measure, especially with respect to its effect on enrollment, school expenditure and school revenue?

Thank you again

APPENDIX II

ADDIS ABABA UNIVERSITY SCHOOL OF GRADUATE STUDIES

FACULTY OF EDUCATION

DEPARTMENT OF EDUCATIONAL ADMINISTRATION

School Head Questionnaire

This questionnaire is administered with the aim of gathering first hand information and data on issues related to enrollment, school revenue, and school expenditure. The identification items have the purpose of facilitating the analysis of the questions that follow. Expressing his heart felt gratitude in advance for your cooperation, this researcher brings to your attention the fact that secrecy as to your identity is guaranteed and your responses are to be reported anonymously.

Student, School of Graduate Studies

1. Identification data

Age _____ Sex _____ Educational background _____

2. Does your school get any budget from the government now that registration fees are abolished?

3. Who is responsible for fixing the amount of the budget to be allocated, if any, to your school?

- | | |
|---|---|
| <input type="checkbox"/> The Region's Education Bureau | <input type="checkbox"/> The Region's Finance Bureau |
| <input type="checkbox"/> The Zonal Education Department | <input type="checkbox"/> The Zonal Finance Department |
| <input type="checkbox"/> The Woreda Education Office | <input type="checkbox"/> The school itself |
| <input type="checkbox"/> Don't have any idea | <input type="checkbox"/> Other (please specify) |

4. In what form does the budget, if any, arrive at your school?

5. How does the government budget, if any, for non-recurrent expenditure arrive at your school now that fees are abolished?

(Check all which apply)

being less than the promised amount being more than the promised amount

being equal to the promised amount other (please specify)

6. In terms of timeliness, how does the budget, if any, arrive at your school now that fees are abolished? _____

7. How have the following variables been affected by the abolition measure?

	<u>Increase</u>	<u>Decrease</u>	<u>Not Affected at all</u>
enrollment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
dropout	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
direct income (if any)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
community contribution (if any)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
school expenditure	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
supplies	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
maintenance services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
household educational expenditure	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

8. If there has been an increase or decrease which ever is the case in enrollment following the abolition, please state the reasons. _____

9. If there has been an increase or decrease which ever is the case in school revenue following the abolition, please state the reasons? _____

10. If there has been an increase or decrease which, ever is the case in school expenditure following the abolition, please state the reasons _____

11. Your school is or was getting resources from which of the following sources?

(check all which apply)

	<u>Before the abolition</u>	<u>After the abolition</u>
school fees	<input type="checkbox"/>	<input type="checkbox"/>
government budget	<input type="checkbox"/>	<input type="checkbox"/>
direct income	<input type="checkbox"/>	<input type="checkbox"/>
community support	<input type="checkbox"/>	<input type="checkbox"/>
NGO support	<input type="checkbox"/>	<input type="checkbox"/>
other (please specify)	<input type="checkbox"/>	<input type="checkbox"/>

12. If the school gets its resources from two or more of these sources, please indicate their degree of importance by putting a number next to each of the above boxes in such a way that the smallest number stands for the most important source.

13. Has the fee - abolition measure induced your school to look for other sources of revenue? _____

14. If yes, please cite these new sources of finance? _____

15. Please list the non-salary recurrent expenditure items in your school putting them in their order of significance from the items of highest expenditure to that of least expenditure.

Before the abolition

After the abolition

16. Does your school have a budget for capital expenditure? _____

17. If yes, please list down the items and their sources? _____

18. Are households of school children required to pay more through other mechanisms than they used to before the abolition? _____

19. If yes, why and in what ways? _____

20. Briefly state your overall opinion about the fee-abolition measure in your capacity as a principal. _____

Thank you again

DECLARATION

I, the undersigned, declare that this thesis is my work and that all sources of material used for the thesis have been duly acknowledged.

Name: Shimelis Tsegaye

Signature: Shimelis Tsegaye

Place and Date of submission:

Addis Ababa University

May 2000

June 12, 2000

To: The School of Graduate Studies

From: The Department of Educational Administration

Subject: Submitting MA Thesis



This is to attest that Skimelis Tsegaye, a prospective graduate of the 1999/2000 Academic Year in the Department of Educational Administration has submitted the final copy of his MA Thesis upon endorsing all the comments of the examining board.

Thank You