

# State of School Finance in Bangladesh

**Dr. Happy Kumar Das\***

**Dr. Zia Us-Sabur\*\***

**Md. Shahriar Shafiq\*\*\***

## Abstract

*There is a general consensus that school financing has to provide the necessary resources for the schools to function properly. There is a need therefore to understand what makes school finance work.. The purpose of this paper is to provide a narrative of the school finance system and how it works in primary and secondary education in Bangladesh. It is based on secondary as well as some primary data. Secondary data include academic literature; policy and evaluation documents; and reports and publications by government, UN agencies, NGOs, and donor and international/regional development agencies. Interviews of a limited numbers of stakeholders in the primary and secondary sub-sectors were conducted. The findings suggest that the primary and secondary school sub-systems have their own unique modalities of financing and therefore have their own opportunities and challenges. While the primary education system is highly centralized and government controlled, at the secondary level financing is influenced by the interplay between the state and community. There are serious deficiencies in respect of adequacy, access and efficiency at both levels. In addition to increased funding, a more decentralized and responsive system needs to be constructed through appropriate resourcing and capacity-building.*

**Key Words:** School Finance, Finance of Primary and Secondary Education, School Finance in Bangladesh

## I. Introduction

Public sector formal school system is the largest public service activity in the country in which more than 29 million students are enrolled in schools from Pre-Primary to Higher Secondary level taught by more than 742,842 teachers, in 152,073 schools/centers (BANBEIS, 2015). Besides faith-based institutions (Alia Madrasas) supported by the government, more than a million students, for whom reliable statistics are not available, may

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\* Institute of Education and Research, University of Rajshahi

\*\* BRAC Education Program

\*\*\* MPhil Researcher, Institute of Education and Research, University of Dhaka

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be enrolled in Qaumi Madrasas (indigenous religious schools) teaching a religion-based curriculum. NER at primary level is 96.7% and NER at Secondary level is 45.80% (BANBEIS 2015). Over two-thirds of the children attend a year of pre-primary education. However, the drop-out rate of enrolled students is 26.2% at primary level and 46.7% at secondary level. Over one-fifth of primary school-age children, therefore, are out-of-school, having never enrolled or dropping out early, some of whom are engaged in child labour. For the secondary school age children, more than half remain out-of-school (BBS, 2003).

The barriers to development of education include low public budget allocations for the education sector. This has affected infrastructure, quality of teachers, and teaching-learning materials, among other things, necessary for quality education delivery. Optimal management and use of available resources are also an important concern.

Historically, Bangladesh's overall national expenditure on education as percentage of GDP has remained around 2%. In fact, the share of GDP and national budget for education has shown a decline in recent years - being reduced to 1.82 percent of GDP and under 10.7 percent of national budget in FY 2015-16 (MoF, 2015). The total national budget of Bangladesh for the fiscal year 2015-16 stood at BDT 2,951.00 billion equivalent to USD 38.5 billion. Allocation in education stands at BDT 316.05 billion (USD 4.10 billion) or 10.7% of the national budget. The ministry-wise allocations are: (i) BDT 171 billion for Ministry of Education, responsible for school education beyond grade 5 and higher education and (ii) BDT 145 billion for Ministry of Primary and Mass Education, responsible for education upto grade 5 and adult and non-formal education.

The allocation in education as part of the national budget is significantly low compared to the international benchmark of 15-20% of the national budget. In terms of GDP share, at 1.8%, it is again much less than the international benchmark of 4-6 percent as recommended in the Education 2030 Framework for Action (UNESCO, 2015). It is also the lowest in South Asia. One of the biggest challenges for country like Bangladesh is the overall public revenue share of the budgets, which is under 11% of the GDP, one of the lowest in the world and lower than other neighbouring countries.

## **II. Objective and Methodology**

This study has been conducted as part of a Asia-Pacific Regional review to look at capacity development needs in education finance planning and management, relating to adequacy, equity and efficiency of school financing. The purpose is to highlight steps that are considered necessary to strengthen resource and budget planning, management, implementation, and monitoring at school level.

The study utilized both primary and secondary sources of information. The primary sources of information were interviews with selected stakeholders representing government officials concerned with education and finance at different levels, head teachers/teachers of four public sector schools in rural and urban areas, SMC members, and parents. The secondary sources

consisted of national and sub-national level (district and sub-district) government documents and records, publications, notifications, rules and regulations, budget books, budget-related laws and guidelines and other related documents including research and evaluation reports. A literature review of related documents and publications was undertaken as part of the study.

### **III. Governance of the school system**

Public sector formal school system, which is the largest public service activity in the country, consists of 13 academic years, from Primary (including pre-primary level) to Higher Secondary. Majority of the children in rural areas and from the low income urban families attend public schools which require no tuition charges at primary level and modest fees at the secondary level. The public system is perceived to be of poor quality due to deficiencies in physical facilities, shortage or absence of teachers, and non-availability of suitable teaching-learning materials.

Primary level education in Bangladesh is provided under two major institutional arrangements (streams), viz., general and madrasa, while secondary education has three major streams: general, technical-vocational and madrasa. Within the streams, the schooling system consists of 13 types of providers in primary education under the overall authority of the Directorate of Primary Education. At the secondary level the Directorate of Secondary and Higher Education exercises regulatory authority over secondary schools, 98% of which are private institutions supported by public subsidies (World Bank, 2013). There are 10 examination boards at the secondary level which conducts public examinations for the secondary stage (after grade 10) and for higher secondary (after grade 12). In respect of financing, demand side financing initiatives and public-private partnership have been practiced, as explained later.

The education system in Bangladesh is governed by two ministries, the Ministry of Education (MoE) and the Ministry of Primary and Mass Education (MoPME), through various departments, directorates and agencies. The Ministries are responsible for policy formulation, overall planning, monitoring, evaluation and execution of development plans and programs.

Primary education which is at present up to grade 5 but is planned to be extended to grade 8 in the near future (tentatively by 2018). The Directorate of Primary Education and its network of offices and personnel at district and sub-district (upazila) level plan and supervise the implementation of public sector primary education. Secondary schools, as noted, are mostly non-government and run by local school managing committee, with subvention by government for teachers' salary.

### **IV. Budget governance in the public sector**

The budget preparation and allocation in the public sector is highly centralized, with the central level officials playing a major role (Oulai & Costa, 2009). Generally the country employs a traditional or incremental budget approach. The ministry of finance is responsible

for the national budget proposal. Concerning the education sector, two ministries, i.e. MoE and MoPME, are responsible for the education budget. At the national level, overall responsibility for the preparation of the development budget lies with planning commission based on inputs from the line ministries, while national economic council chaired by the Prime Minister makes the final decisions. The ministry of finance is responsible for oversight of non-development/revenue budget. The estimates for the non-development budget comprise estimates for ordinary obligated charges and estimates for new charges -- the former is based on the previous year's actual expenditure to which additions or cuts are made on each budget line. On the other hand, the development budgets are elaborated on the basis of projects that have been approved by the Planning Commission, and for which funding has been secured. No specific indicators are used to monitor the implementation of the budget except indicators for the follow up of specific projects.

With regard to the procedure of education budget, the Ministry of Finance first seeks budget estimates on the prescribed format from MoE and MoPME through a circular. Each Ministry disseminates the budget forms among its concerned directorates, departments and offices, and lower level offices and institutions. The filled out forms are sent back through official channels to the Chief Financial Officer of the Ministries, after verification and consolidation at each administrative level. All estimates are consolidated in order to finalize the respective Ministry's budget.

The Ministry budget is then forwarded to Ministry of Finance following approval by ministerial budget committee. Follow-up negotiations take place between two ministries, leading to the approval and inclusion of the education development budget. The chief Planning Officer of the MoE and MoPME are responsible for the Ministry's development budget, which is based on the five year plan, while responsibility for coordination lies with National Planning Commission. Sources and amounts of projected financing, which remain tentative while the five-year plan is prepared, have to be specified and carefully analyzed when the project is included in the Annual Development Programme (ADP). The approved budget proposal is included within the national budget, which is then presented to parliament.

The budget put before parliament contains only aggregated figures. It is up to each ministry to make the detailed final allotment to directorates or departments, regions and provinces after the budget's approval. This allows adjustments to be made while the budget is implemented, but presents the risk of misallocating public resources without parliament's approval.

## **V. Budget management in primary and secondary education**

Budget implementation is monitored separately for development and non-development budget by a number of organizations and agencies. For non-development budget, the financial management units (FMU) within each of the two ministries of education collect

and prepare monthly reports which are sent to the Principal Accounts Officer (the Secretary of Education is also the Principal Account Officer) with copy to the Ministry of Finance and all other concerned authorities. For the projects included in the development budget, an internal and an external monitoring mechanism are in place. Internal monitoring is conducted by the head of the agency carrying out the project for the given Ministry, while the Monitoring and Evaluation Division of the Ministry of Finance is responsible for external monitoring. Since there is a large volume of education projects with multitude of executing agencies, it is difficult to monitor and evaluate each project thoroughly. However, to maintain transparency and accountability, under Article 87 of the Constitution of Bangladesh, a statement of the estimated receipts and expenditure of the government for each financial year has to be laid before Parliament.

### **Implementation of primary school budget**

At the operational level there are two different modalities of budget implementation.

In case of primary education, the development aspect is addressed through PEDP. PEDP is the central instrument through which primary education policy is being implemented. The DPs along with the GoB pool their finances to support the implementation of PEDP. The financing is based on a sector-wide planning (SWAP) approach.

GoB has assigned priority to quality improvement in education. To that end, it intends to strengthen decentralized decision-making. However, progress has been rather slow as evident from its current financing and decision-making process. The government has undertaken a decentralized financing initiative in the form of SLIP (School Level Improvement Plan) and UPEP (Upazila Primary Education Plan). Further details about this are given below.

While the system is administratively centralized, it has a number of specialized agencies which makes the system functionally decentralized to a certain degree. In addition to DPE, which is responsible to administer the government run primary education system; there are a number of specialized agencies which support and complement DPE's activities. These are - NAPE, IER-DU, NCTB, LGED and DPHE. LGED and DPHE are responsible for infrastructure development. To administer infrastructure development a PSO (Program Support Office) has been established under the leadership of an additional Secretary in the Ministry. In order to facilitate decentralization DPE and its field offices are treated as Procuring entity for PSO. NAPE, IER and NCTB provide technical support in improving the quality and management of primary education management.

For PEDP 3, more than 70% of DPs budget is triggered by progress in outputs in nine selected areas based on disbursement related indicators (DRI), created for this purpose. Fund disbursement decisions are made in Joint Consultative meetings of government and development partners (donors).

In order to strengthen financial management of PEDP-3, a Procurement and Financial Management (PFM) Action plan has been sketched out. PFM includes timely distribution of budget to DDOs (Drawing and Disbursement Officers), a review of the distribution and ceiling of advances to cost centers and request for adjustments, and monthly monitoring through system generated compliance reporting system.

There are two aspects to school-level financing. First, there is the existing centralized structure that defines the financial arrangement at school level. Second, there is a project-based attempt at decentralization of financing in the form of UPEP and SLIP, as noted below.

- Salary is sent directly to Account Officers' Account and then to teacher's personal bank account – an improvement over payment by checks through the upazila office each month.
- Stipend or cash transfer is provided to rural schools (at the secondary level, for girls) and to the poor students (at the primary level).
- There is no tuition charge at primary; however, schools charge exam fee and sometimes admission in class one and other charges for co-curricular activities and special tutoring prior to public examinations. This is contrary to the principles of free primary education. Interview with teachers revealed that the government finances are not sufficient for the operational maintenance of school. Recognizing the problem, the education authorities have permitted schools to create a social mobilization fund. Collection and utilization of this fund is monitored and controlled by the upazila office.
- Usually the local government authority does not provide any financial help though community and local government participation is encouraged by government. In some areas Union Council or Pourasova (local village or municipal bodies) provide support for installing toilet, boundary wall or repairing of facilities.
- For special needs children, the Social Welfare Department provides limited support. The UEO get BDT 50,000 annually for this purpose from the department to provide wheel chair, eye-glasses, or other materials.
- Schools spend the funds based on the decision of SMC. The SMC may form a separate committee for each fund. The committee executes the fund and maintains voucher and records.
- SMC can spend up to BDT 150,000 for infrastructure repair etc.; above that amount Upzaila LGED office implement the project and manage the fund.
- For small scale repair in school BDT 20,000-30,000 is allocated, whereas for large scale repair BDT 100,000-150,000 is allocated. Repair cost is not provided regularly every year, rather once in 3-4 years depending on available amount in total budget.
- For SLIP fund (see below), school is encouraged to complement it with contribution from the community. Therefore the budget for SLIP fund includes local collection and a plan for SLIP implementation.

#### **SLIP and UPEP -- school and local level financial tasks**

The SLIP (School Level Improvement Plan) initiative is intended to give schools some authority and responsibility to meet their needs related to learning outcomes and primary completion by providing modest funds directly to school (ICHHD, 2013).

PEDP-II envisaged decentralization as its implementation strategy for improving quality and equity in primary education. The aim is to encourage active involvement of the stakeholders at the grassroots level in planning, implementing and monitoring the educational activities for children. A bottom up planning process was expected to be promoted through SLIP as well as Upazila Primary Education Plan (UPEP).

The expectation was to establish a system of preparing Annual Operational Plan (AOP) for primary education based on the consolidation of UPEPs reflecting the needs identified through SLIPs and upazila situation analysis. In 2012-2013 financial year, 31,807 schools were provided SLIP grants (total Taka 95.5 crores or USD 12 million) at the rate of Taka 30,000 (USD 400) in each school covering 53 districts and 280 upazilas (out of about 500 upazilas in the country).

Fifty upazilas were also provided training and a modest UPEP preparation support (Total Taka 5 lac or USD 6000) at the rate of Taka 10,000 (USD 120) in each upazila in 26 districts. Monitoring of SLIP is done mainly by the Upazila Education Offices, School Social Audit Committees formed for this purpose, and District Education Offices.

Evaluation of SLIP indicated that SLIP grants enabled schools to plan and implement limited improvements in their physical environment and towards creating a welcoming learning environment for children. However, the evaluation also found that the SLIP initiative had made very limited progress in supporting a fuller decentralisation of education management functions, including those which impact directly on teaching and learning (Mannan, 2012).

UPEP preparation training received by upazila officers was provided by DPE master trainers, who largely found it difficult to grasp the issues of UPEP preparation. Master trainers mostly depended on the UPEP guidelines as the concepts and methods were somewhat new and they themselves received inadequate training. An analysis of a number of selected UPEPs (submitted to DPE SLIP-UPEP Cell) indicates a disappointing picture. Upazilas generally provided general information about the upazilas along with the results of situation analysis (ICHD, 2013)

Result of school review of PSQL and KPIs, and aggregated SLIP data of the SLIP schools, which were expected to be incorporated into Upazila planning under UPEP, were generally lacking. A rolling plan approach anticipated in UPEP did not materialize. Few upazilas seem to have a good understanding of plan preparation and budget making. All this suggests the need to undertake effective training programs for all upazila level officers, who eventually would develop UPEP in consultation with other members of the UPEP Committee. This has to be preceded by the formation of strong trainer and technical support teams who could work with the upazila (Mannan, 2012).

In summing up SLIP and UPEP experience, it can be said that SLIP received somewhat more support from the central level including allocation of funds and made some impact at the school level. SLIP also appears to have responded to a need felt by stakeholders at school and community level. The same cannot be said for UPEP in terms of commitment to it and understanding of its relevance at national and upazila level. The inter-connection between SLIP and UPEP also have not been appreciated or highlighted adequately. It can be argued that UPEP and SLIP both would have to play their respective as well as mutually complementary roles if the aim to decentralize school management including management of resources and budgets is to be pursued seriously.

### **Budget Implementation in secondary school**

There are at present a small number, 317 in 2014, fully government managed secondary schools, and there are about 15,500 community-established secondary schools receiving government subvention through MPO. There are also about 200 government and 2,800 non-government colleges which offer higher secondary education. In addition there is also a madrasah stream (around 7,300 institutions) and a small number of private proprietary schools in the English medium, mostly preparing for overseas secondary and higher secondary certification. The financing arrangement and issues are, therefore, somewhat different in secondary education from those for primary education.

Out of a secondary education age group of 16.8 million (Population Census 2011), 7.5 million or 44.3% are in school. The 9+ million who are not in school include both those who have discontinued after primary education and those who never enrolled in school.

Costs of secondary education is a rising concern for parents. Monthly school fee constitutes only a small proportion of total costs of secondary education (excluding English medium private schools). Three major cost categories are i) admission, session and yearly/development fee, ii) tuition fee, and iii) extra-curricular activities fee. A PPRC Study showed that as against an average monthly tuition fee of Taka 117 for the 45 surveyed schools, average annual burden of other fees for a secondary student was Taka 2,923 (Rahman, 2014).

However, this average figure obscures significant variation amongst schools by location and school type. Dhaka city-based schools have the highest annual average fee at Taka 6,346 while the burden for other urban schools is nearly a third at Taka 1,990. Rural schools have the smallest total fee at Taka 1,346. In terms of school types, government schools have the smallest average fee charges at Taka 1,840. Registered non-government schools, the most prevalent type, have by comparison a higher fee burden at Taka 3,832.

The demand of education has seen a steady rise over time. The matching of demand and supply, however, has been difficult. Unlike primary education, secondary education is largely community managed, with substantial financial support from the government. There is, however, an important regulatory engagement of the government in the way of managing



government subventions for teacher salaries (a system administratively referred to as MPO or monthly payment order) (Rahman, 2014).

In the absence of SWAPs in the primary education sub-sector, the development intervention by the government at the secondary level is project-based supported by the DPs. Each of such projects is usually run by a separate inter-ministerial steering committee, with a project specific PIU under MOU. The key functions of PIU relating to financing include work plans and budgets, coordination and scheduling of activities, contracting of technical assistance and services.

After achieving gender parity in enrollment the government has now shifted its emphasis on quality along with ensuring substantial increase in the number of female teachers. Gender parity in enrollment, increase of female teacher ratio, and quality improvement objectives have been supported by three projects: i) Female Secondary Stipend Project; ii) Teaching Quality Improvement project; and iii) Secondary Education School Investment Project (SESIP).

The stipend for rural girls is widely regarded to have made a contribution to elimination of gender gap in access to secondary education (Box 1)

**Box 1. FSSAP (Female Secondary Stipend Assistance Project)**

The spread of girls' education has seen a quantum jump in the last two decades and now gender gap has been eliminated in primary and secondary enrolment. A major contributory factor has been a stipend and tuition waiver for rural girls in high schools introduced in the early 1990s. However, overall enrollment for both boys and girls still remain low with half of the age group still not in school.

The Female Secondary School Assistance Project (FSSAP) was jointly initiated by the World Bank and the Government of Bangladesh (GoB) in 1993. The primary component of FSSAP was the Stipend and Tuition waiver program that ensured provision of monthly stipends to girl students from Grade 6 to Grade 10, that is, students 11 to 15 years old.

The condition of eligibility for a stipend is:

- Attend school for at least 75 percent of the school year.
- Obtain at least 45 percent marks on average in final examinations.
- Remain unmarried through completion of SSC.

The tuition fees, as a part of the stipend, are directly paid to the school where the student is enrolled.

The spread of secondary education remains to be community-driven. Having stated that, the government intervenes in two areas which has critical significance for the way secondary education is run. These include, the assumption of an expanding regulatory jurisdiction and financial control because of subventions for teacher salary through MPO.

Due to this extensive financial and regulatory regime of the government over secondary education the school management is witnessing their administrative autonomy being curtailed (Rahman, 2014).

## **VI. School Budget allocation mechanisms**

The public sector primary school, operating under centralized management, does not prepare a comprehensive annual financial plan or budget. It may prepare an estimate of itemized expenditures for certain items for which the school may receive funds from the education authorities. There are some specific allocations from government for each school except for staff salary, which is centrally managed. School allocations are sanctioned through Upazila Education Office (UEO) and financial activities are managed through School Management Committee (SMC).

### **School profile**

Two primary schools and two secondary schools, one each in rural area, were selected for collecting school level information through interviews.

To collect the desired information, a questionnaire was prepared that included items for a school profile -- locality, enrolments, teachers and their qualifications, budget formulation process, items and amount/funds at school level budget, composition of School Management Committee (SMC), mechanism for using available financial resources, estimation of household expenditure per students, etc.

The four schools visited included two government primary schools and two high school which were supported by MPO. The schools are comparatively large in size in numbers of teachers and students and were of average standard in quality and public exam results. All the schools were established before 1975 and have SMCs. SMCs were engaged in routine management decisions for the school. The MPO supported schools were reluctant to reveal the amounts of subvention received from the government. The financial resources and per student public expenditure could be estimated on the basis of salary scale and standard MPO payments to schools. Detailed budget with budget sub-heads was provided by only by one of the four schools. There appears to be a transparency problem about sharing information which is not conducive to school budget efficiency and accountability.

### **School financial resources**

In primary school, the government provide teachers' salary, contingency cost for buying chalk, duster and other educational materials for conducting classroom activities, SLIP

grants for sundry expenses to improve school learning, PPE material cost for a pre-primary class (until a new public service salary revision to be introduced in January 2016, which is expected to raise teachers' salary substantially) and facilities maintenance and repair support paid irregularly.

According to Upazila Education Officer (UEO), an amount of BDT 150 per month per teacher is supposed to be allocated, which amounts to BDT 1800 per teacher, but apparently a limit is imposed at BDT 4,200 yearly for a school.

The basic salary amount for Head Teacher of primary school is BDT 6,400 and 5,900 for trained and non-trained respectively. The amount is BDT 5,200 and 4,900 for trained and non-trained Assistant Teacher respectively. The total amount including allowances ranges from BDT 9,350 to 13,000 per teacher. Salary of all the employees, including teachers, is directly released by the District/sub-district Accounts Officer to the personal bank account of each employee.

Small contributions are collected locally from community members or from students' parents at the primary level. Government encourages local level participation in school financing, especially in the case of SLIP grant, which is expected to be augmented by community participation. SLIP plan includes any local contribution in planning for the year. In addition, schools collect a small amount as exam fee (BDT 5, 10, 15 & 20 per student in class I-II, III, IV & V respectively) during each terminal exam (3 exams in a year), and an admission fee in class one (usually BDT 20-30). Sometimes small contributions are collected from parents for paying extra staff and other costs not provided by government, e.g., salary of Ayah (one who looks after young preschool children), guards, and any emergency repair cost.

In case of non-government MPO registered secondary school (most of the schools at the secondary level), government provides part of the staff salary and some school maintenance/repair cost. Total average salary for Head Teacher, Assistant Head Teacher and Assistant Teacher is BDT 15,050, 12,220 and 8,435 respectively.

Secondary schools collect money from students for conducting regular academic activities. Students also pay admission fee, tuition fee, development fee, co-curricular activities fee and exam fee in school. The amount varies from school to school. The costs charged per student at the two schools visited are as follows:

- Tuition fee- BDT 200 – 500 per month,
- Admission fee 300 – 1000 annually,
- Development fee 500 – 2000 annually,
- Exam fee – 50 to 200 per term,
- Co-curricular activities fee 50 – 500 annually.

Apart from government subvention for teachers (through MPO) and periodic repair-maintenance support, the above items are the principal sources of finance for secondary schools. In addition to amounts collected by schools, a substantial amount is spent by families for private tutoring of their children which has become very common in both urban and rural areas and at both primary and secondary levels. Often this amount surpasses amounts paid directly to school and adds significantly to the financial burden of poor families.

### **Budget allocation mechanisms at school level**

As noted, the government assumes a more direct responsibility for providing education services at the primary level which is compulsory up to grade five. At the secondary level, in principle, communities are largely the providers of services with government financial support through teacher salary subvention and other limited support. This basic difference in public responsibility for education is reflected in school finance management at these two stages of education.

At the primary stage, salaries of government employees, including teachers, are directly paid to the employee. Other limited amounts of funds available with the school are utilized through the school management committee (SMC).

The SMC has general responsibility for school level management. According to the circular from the Directorate of Primary Education, a school should have a management committee of 11 members representing the parents, teachers, a community leader concerned about education and the donor of land for the school. This committee is expected to manage the school's financial and academic activities. The committee is expected to ensure that funds that are provided by the government and any other fund that may be raised at the local level are properly used. The school's Head teacher, with assistance from other teachers, as necessary, spends the fund, keeps records and keeps the committee informed. The Head teacher generally has the task of keeping records, preparing statement, securing approval of the managing committee and sending report to Upazila Education Office (UEO) for the relatively small amounts over which the school has control.

At the secondary level non-government institutions, which are the large majority, the school managing committee, similar in composition to that for primary school, has greater authority for mobilizing resources and planning and managing school resources.

The salary subvention is paid directly to the teachers enlisted with the government through the 'monthly pay order' (MPO). In principle, the school can top up the salary support given by the government, though this is not the general situation. The larger schools usually have more teachers than teachers included in the MPO list and the school has to bear the cost for them from its own resources.

Unlike primary school, the secondary school charges a modest tuition and other fees from students which form the bulk of its own resources. Schools with strong leadership support in the managing committee and the community do raise additional resources mainly in the form of contribution and occasionally by using school properties such as land and building for profit-earning activities for the school.

The secondary school has a more comprehensive financial plan and budget than a primary school covering all aspects of financial management of the school. Arguably, at the secondary level, a school's performance and quality of its services is much more dependent on financial management at the school level than at the primary level.

## **VII. Adequacy, efficiency and equity**

### **Adequacy**

There is clearly a serious adequacy problem at both primary and secondary levels. There is shortage of teachers, learning materials and other facilities needed for school. The money allocated for buying teaching-learning materials, repair and maintenance and other regular activities is not sufficient. Most of the time schools suffer from lack of fund for regular operation of the school. Teachers are ill paid, but sometimes teachers spend from their own pocket for stationaries and essential items.

The funds available at the disposal of schools are not adequate compared to needs for quality education. A trend can be observed of parents who can afford it shifting their children from the public sector schools to private schools. They do so even though they have to pay substantially higher tuition fee, other charges along with increased household expenditure for meeting students' needs in a private school (expensive uniform, shoes, school bag, notebooks, text-books, stationary, etc.). There is also the ubiquitous private tutoring costs.

### **Efficiency**

The issue of efficiency is not entirely a relevant concern at the school level when schools have very limited resources under their control, and there is not much opportunity to exercise planning, judgment and decision-making. On the other hand, it may be argued that earmarked funds from central level are used according to set criteria which allow a greater degree of efficiency, than when discretion is exercised at the school level. In utilizing the modest resources in the primary school, decisions are taken based on consultation within the SMC and with UEO to determine how the funds would be best used. Furthermore, accountability regarding management and monitoring is practiced by sharing of financial statements with SMC members, PTA and UEO.

Efficient management of resources in schools is a more critical issue at the secondary level where schools collect fees and have the authority to use various resource mobilization means. However, the government part of the resources in the form of teacher salary subvention and small periodic earmarked grants do not leave much discretion to school in these items.

There is a larger efficiency issue of how total public resources are used effectively to achieve the goal of education with quality and equity. It has been argued with some evidence from experience that greater responsibility, authority and control of resources at school level with appropriate accountability processes are necessary for enhancing overall efficiency of education financing.

### **Equity**

Variation in resources available per school and per student among types of schools and within the same type of school indicates that equity criteria are not applied systematically in resource planning and budget allocations. Stipends are offered at primary level for both boys and girls, and at secondary level for girls only, the aim of which is to promote equity in educational programmes. While the aim is to serve the poorer population at the primary level and rural girls at the secondary level, these are not always targeted to identify and serve the most disadvantaged. Moreover, urban disadvantaged girls were not served by stipends, though a policy shift in this respect is under consideration. In case of disabled children, schools communicate with Disabled Welfare Foundation and try to facilitate necessary support. However, there is no allocation in school budget for special needs children.

A school with greater authority to manage resources along with availability of greater resources at that level can be argued to be in a better position to respond to equity concerns. The school managing committee and teachers are in a good position to identify the students in the school community who are especially disadvantaged and in need of support as well as the type and nature of needs. A more tailored and responsive approach could be followed by the school and its teachers to respond to those needs of students. This can happen, however, only with overall policy support for such measures and availability of resources for this purpose in financial planning and budgets at the macro level.

## **VIII. Conclusions and recommendations on strengthening school finance**

### **Conclusions**

Considering progress of Bangladesh in achieving the second MDG on primary education and challenges the country still faced in basic education in the context of Education 2030/SDG4, the following points may be highlighted. These have been emphasized by civil society dialogues in Bangladesh as key considerations for the post 2015 development agenda (MoPME, 2015). These suggestions are consistent with problems and issues noted above in the analysis of resources for education, policy and environment for resource mobilization and use in primary and secondary education, and improving budget planning and management in schools.

1. A rights-based approach to educational development up to a certain level (for now, from pre-primary to grade 8) requires that specific standards for each level are protected by law. Setting of standards has to include schools and teachers.

2. Early childhood care, education and development has to find a prominent place in the post-2015 agenda because of their proven strong influence on later learning, juvenile behaviour and adult life. It is important for education, health and nutrition agencies to work together to meet the developmental needs during the first thousand days after birth and up to the stage of transition into primary school.
3. Development of effective post-compulsory primary and basic education needs to be based on set milestones for progress with incorporation of pedagogy focusing on skills and competency in the existing education programmes and expansion of such education linking it with the world of work.
4. The “shadow education system” of private tutoring contributing to inequality cannot be ignored. How the positive dimensions of it can be incorporated into the school programme itself rather than undertaken as private business has to be considered.
5. Decentralization of educational administration cannot happen without proper Upazila level planning and implementation of universal quality primary education, maintaining set standards for pupils, teachers and the schools, and involvement of communities and civil society organizations.
6. Adequate resources matching the education priorities imply that the public education budget has to be raised to 20% of total national budget and eventually to 6% of GDP (MoPME, 2015).

An overall concern regarding resources for education and school budgets is how to move away from a low-cost and low-yield system of education that prevails now. As can be seen from the discussion above, Bangladesh has a low cost education system, even compared to other least developed countries. This is reflected in one of the lowest ratios of GNP (around two per cent in recent years) among developing countries devoted to education in Bangladesh. Total per student primary education public expenditure is around 50 dollars. This results in low educational quality in terms of learning outcomes, the pedagogic process and essential inputs.

Relevant to these points are Household Expenditure Survey and Education Watch data which indicate that per capita household expenditures are at least of the same order as per student government recurring expenditure in primary education. The amount of household expenditures in different sub-sectors of education has policy implications regarding mobilization and effective use of resources as well as equity. One issue is the potential of combining public and other resources to promote equity in education; and promoting public-private partnerships on policy and programme development and in improving quality in educational services.

Quality improvement, desperately needed at all levels of education, will require additional resources. It is in this context that civil society bodies and professional circles raised the demand to increase the share of GDP for education allocated in the government budget to 6 per cent in the medium term, with commensurate increase in the education share of the government budget.

## IX. Recommendations

The following recommendations are drawn from the discussion and conclusions presented above.

***A major increase in public expenditure for education:*** The question of public resources for education cannot be emphasized enough. The low GDP share for education in Bangladesh, including the low allocation for primary, pre-primary and secondary education is inconsistent with the goal of education with quality and equity. Substantially greater public resources should be committed within the framework of the national five-year development plan and the new education policy in order to ensure a minimum level of quality standards and application of equity principles in educational services. Equally important is the effective use of scarce resources. Cases in point are Upazila-based capitation formula for budgetary allocation to ensure public allocations with greater fairness based on the number of children in upazila, and planning and optimal use of resources including stipend expenditure at the school level. More resources are needed at the school level along with greater discretion with accountability in their use.

***Greater authority with accountability at school level:*** Along with area-based coordination and planning, it is necessary to move with a greater sense of urgency and seriousness towards greater authority and responsibility at the institutional level for organizing teaching-learning, managing personnel, giving due attention to underperforming children and their specific difficulties, and using financial resources better with transparency and accountability to parents and community. SLIP has indicated the possibilities of school level action, so far on a limited scale. These possibilities need to be broadened in scope and promoted by earmarking larger resources and appropriate policy support.

***Area-based planning of compulsory education:*** There is a notional catchment area for the government primary school, but children are not required to be enrolled in the neighbourhood school, nor are schools, it appears, required to enroll all children from the neighbourhood seeking admission. There is no rigorous or systematic planning for geographical distribution of schools and making provisions for schooling of all children for a geographical unit. UPEP could be considered a step in that direction, but as seen above, it has not been pursued systematically with appropriate planning. Diversity of primary education delivery modes and gaps in standards and quality among them make it especially important to follow a systematic and decentralised area-based planning and management of primary education (Sabur and Ahmed, 2011).

***Development and trial of upazila-based universal primary and pre-primary education planning and management:*** A systematic trial can be designed involving local government and all service providers in selected upazilas as a key feature of the national education development strategy in order to rationalize provisions for quality basic education for all children with greater authority and accountability of schools and local authorities. This issue



has assumed greater urgency with the Education Policy recommendation and the government plan to extend primary education up to grade eight from grade five at present. School and community-based actions to support the poor, the silently excluded and clarifying perceptions about the role of non-government and community organization in education can be a part of the development and trial that eventually can be replicated widely. UPEP, supported by SLIP, indicate possibilities which must be tried out and further developed through effective piloting followed by wider replication. Effective universal primary education for all children and through all kinds of primary education institutions calls for such an approach.

***Responding to poverty of families:*** The relationship found between non-participation in education and socio-economic variables including food security status, household income and parents' education raises questions about the relative importance of demand and supply side constraints. Stipends to poor students at primary and secondary levels remain a government strategy to promote equity in education opportunities. The supply side constraints perceived by parents and teachers suggest that funds spent for stipends could be better used in providing essential quality-enhancing inputs including school meal, and measures to improve quality in pre-primary education, if hard choices have to be made regarding optimal use of scarce resources. SLIP experience and; lessons indicate possibilities of quality enhancement at school level with the availability of larger resources. This question needs to be examined rigorously including possibility of options for schools and local communities to experiment with alternatives, especially because of the major budgetary implications of choices made.

***An Expanded SLIP tryout to deepen and broaden school level authority with accountability:*** As a part of Upazila trial of coordinated and comprehensive planning and management of UPE and PPE, a trial of an expanded SLIP with greater financial, personnel, and academic responsibility can be carried out in selected schools in different regions of the country. The option of trying out alternative use of stipend resources can be a task of the trial. The tryout can address key concerns, such as, collaborative planning with NGOs and other actors to bring all children in the school neighbourhood into quality PPE services, and overcoming various obstacles to access and participation of all children in school (including issues of silent exclusion, extreme poverty, late enrolment, large class sizes etc. as identified to be special concerns in the particular school or locality). Academic and research institutions and NGOs active in the field and possessing appropriate capacity can be involved in the trial of expanded SLIP.

***Systematic capacity-building at school, sub-district, district and central levels for finance and budget planning, management and accountability.*** The policy objective of better utilization of resources and budget performance at school level where the beneficiaries are served can be fulfilled when the concerned actors at various levels have the skills, knowledge and understanding to carry out the necessary tasks efficiently and effectively.

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## List of Acronyms

ADB	Asian Development Bank
ADP	Annual Development Programme
AOP	Annual Operational Plan

AUEO	Assistant Upazila Education Officer
BANBEIS	Bangladesh Bureau of Educational Information and Statistics
BBS	Bangladesh Bureau of Statistics
BDT	Bangladeshi Taka
BRAC	Bangladesh Rural Advancement Committee
CPEIMU	Compulsory Primary Education Implementation Monitoring Unit
DDO	Drawing and Disbursement Officer
DRI	Disbursement Related Indicators
DP	Development Partner
DPE	Directorate of Primary Education
DPHE	Department of Public Health Engineering
DSHE	Directorate of Secondary and Higher Education
DTE	Directorate of Technical Education
DU	University of Dhaka
EFA	Education for All
FMU	Financial Management Unit
FSSAP	Female Secondary School Assistance Project
FY	Fiscal Year
GDP	Gross Domestic Production
GNP	Gross National Production
GoB	Government of Bangladesh
GPS	Government Primary School
ICHD	Institute of Children and Human Development
IER	Institute of Education and Research
JARM	Joint Annual Review Mission
JFA	Joint Financial Arrangement
KPI	Key Performance Indicators
LGED	Local Government Engineering Department
MDGs	Millennium Development Goals
MoE	Ministry of Education
MoF	Ministry of Finance
MoPME	Ministry of Primary and Mass Education
MPO	Monthly Pay Order
MTBF	Mean Time between Failures

NAPE	National Academy for Primary Education
NCB	National Competitive Bidding
NCTB	National Curriculum and Textbook Board
NER	Net Enrolment Rate
NGO	Non-government Organization
NPA	National Plan of Action
PEDP	Primary Education Development Programme
PEP	Primary Education Plan
PFM	Procurement and Financial Management
PPE	Pre-primary Education
PPRC	Power and Participation Research Center
PSO	Programme Support Office
PSQL	Primary School Quality Level
PTA	Parent Teachers Association
RBM	Result Based Management
RNGPS	Registered Non-government Primary School
SDG	Sustainable Development Goal
SEQAEP	Secondary Education Quality and Access Enhancement Project
SESDP	Secondary Education Sector Development Project
SESIP	Secondary Education Sector Investment Program
SESP	Secondary Education Stipend Project
SLIP	School Learning Improvement Plan
SMC	School Management Committee
SSC	Secondary School Certificate
SWAP	Sector-wide Planning
UEO	Upazila Education Office/Officer
UN	United Nations
UNESCO	United Nations Education, Science and Cultural Organization
UNICEF	United Nations Children Fund
UPE	Universal Primary Education
UPEP	Upazila Primary Education Plan
USD	United States Dollar