The introduction of fee-free education, combined with the trend towards decentralization of education and school autonomy, have led to a change in the way schools are financed. Schools which previously had very little or no say regarding their own financial management now receive grants directly from the central authorities. These grants schemes are aimed at increasing access and equity, improving educational quality as well as administrative efficiency and participation at school level. In some countries (e.g. Ethiopia), the focus can be explicitly put on the improvement of educational quality, covering areas such as the teaching-learning process, the school environment, leadership and management, community empowerment, student achievement and the school's capacity to manage change.

**How school grants can improve educational quality**

Theories of educational management contend that school grants can contribute to quality in education in the following areas:

- **Administrative efficiency.** Direct transfers to schools reduce bureaucracy and the danger of any “loss” to different administrative levels. Schools no longer need to wait for decisions about the allocation of funds from regional or district offices and should therefore be able to fix minor problems more quickly.

- **Relevance.** By empowering school actors to manage their own finances according to their needs and priorities, grants should result in spending that is more relevant than when it is controlled by administrative actors who are far away from the school and less aware of its specific problems.

- **Teaching and learning.** School grants help provide adequate teaching and learning materials such as books, stationery, and blackboards. The funds can also be used to cover fees to administer exams and develop teacher capacities through training programmes.

- **School infrastructure.** The grants can contribute to the maintenance and improvement of the school buildings, classrooms and lavatories, transport to schools, as well as utilities, including electricity, heating, and water.

- **Participatory decision-making.** School grants may help to encourage the involvement of all school actors including teachers, parents, students, School Management Committees (SMCs)
and the entire school community in the decision-making processes related to school improvement.

Lessons from IIEP’s research

IIEP’s research* has shown that the actual impact of school grants policies on educational quality is not as straightforward as educational management theories might suggest. School grants have been very successful in some respects, yet many challenges remain.

School grants have improved school maintenance and utilities. In many cases, the spending guidelines explicitly state that school grants should contribute to the maintenance and improvement of the school infrastructure and some more specific programmes focus solely on this purpose. A utility grants scheme in Lesotho, for instance, has the distinct aim of maintaining school facilities and paying utility bills. This has enabled schools to be kept in a reasonably good condition. In Mongolia, a significant proportion of the school grants is used to cover utility bills, especially electricity and heating.

Overall, school grants have had a positive impact on the quality of teaching and learning. Most school grants programmes aim to improve teaching and learning materials. One head teacher in Ethiopia said: “The school grant is used for all the expenses related to the improvement of the teaching and learning activities. It is used to purchase books, reference materials, pens, materials for the preparation of teaching aids, and the like.” In Indonesia, grants have helped provide additional lessons, extra-curricular activities, as well as new teaching aids and additional teacher allowances, which have increased teacher motivation. However, in several countries, the school grant amount is insufficient to support effectively schools in precarious conditions.

In some cases, school grants have improved participatory decision-making processes. All school grants schemes are supposed to involve a variety of different school-level actors. Indeed, in Uganda, budget-related decisions are made by the school financial committees (SFCs), made up of the heads of department for each subject, and by the SMCs, consisting of members of the founding body, former pupils, members of the local council and the local administration, teachers, and parents. In many cases in other countries, however, only few school-level actors, such as the head teachers and the treasurers of the SMCs/Parent–Teacher Associations (PTAs), are involved in school decision-making processes.

In terms of greater autonomy and relevance of school spending through school grants, the results have been mixed. Some school-level actors have expressed their appreciation of a higher level of autonomy and flexibility in using the grant according to their needs. In Vanuatu, for instance, schools are able to choose how to spend the money freely, as long as they respect certain authorized and prohibited areas of expenditures. They can also choose to save money. Yet, in many other cases, school autonomy has remained very limited and the guidelines for spending have not always corresponded to the schools’ actual needs. In several cases, an important share of the grant is also used for teachers’ salaries, leaving little resources for other items of expenditure. In most cases, the funding formula also considers all pupils and schools as the same, and does not take into account their different characteristics and potential needs. Moreover, the grant amounts are often found to be insufficient to cover the salaries of volunteer teachers, improve school administration, and solve other problems, such as a lack of adequate classrooms.

Administrative efficiency remains a significant challenge. In many countries, school grant transfers have frequently been delayed or even cancelled. In some cases, the schools have not received the
full amount. These problems constrain efficient planning in the use of the funds, and affect teaching and learning processes, as well as the motivation of teachers and learners.

Planning ahead is crucial

IIEP’s research shows that school grants have to some extent helped achieve the availability of basic level resources at school level, improve the quality of school environments and contribute to increased teachers’ and students’ motivation. Yet, the potential of school grants to improve quality and learning must be questioned. Although financial support is crucial to ensure good teaching and learning conditions, education quality also depends on other factors, such as teacher training and professional development. Having this in mind, for school grants to have a substantial impact on educational quality, it is essential that the policy be designed and implemented in a way that allows the successful achievement of this objective.

* From 2010 to 2016, IIEP–UNESCO coordinated comprehensive research on the use and usefulness of school grants in collaboration with partners (UNICEF and Global Partnership for Education). The research has been conducted in 14 countries and almost 200 schools from Asia, Africa and Latin America and the Caribbean. Technical guidelines and short videos have been produced to help countries design and implement school grant policies. For more information, please consult the IIEP-UNESCO webpage on school grants.