



Two ideas for Cash on Delivery Aid for Education in Tanzania: A Briefing Note

Nancy Birdsall, Rita Perakis and William Savedoff¹

Introduction

This note outlines two possible ways for Tanzania and its development partners to implement a new foreign aid mechanism, Cash on Delivery Aid (COD Aid),² that puts greater attention on outcomes and country ownership. Based on our research, the Government of Tanzania is in a good position to request support for its education sector in the form of a COD Aid agreement. The ideas presented here are meant to serve as a starting point for discussions in the hope that they might facilitate the design and implementation of such pilots.

I. COD Aid for increased learning in primary education (early grades)

Background

In the past decade Tanzania has made tremendous strides in expanding primary and secondary schooling, and is on track to achieve the education Millennium Development Goal. However, assessments of school age children indicate alarmingly low levels of learning in Tanzania's public primary schools. A majority of students cannot pass an assessment of basic literacy and numeracy – in Kiswahili, English and arithmetic, at the Standard II level.³ For instance, 71.7 percent of Standard III students could not read a basic story in Kiswahili in 2011 (see table below).

¹ This note is based on a visit to Tanzania from March 12 to 16, 2012, in collaboration with CGD partner Twaweza. It reflects discussions and inputs from a wide range of actors from government, civil society, universities and think tanks who were kind enough to take the time to meet with us. We are most grateful to them for their ideas, comments, and inputs. A full list of people we met is provided in an appendix.

² This concept is presented in *Cash on Delivery Aid: A New Approach to Foreign Aid*. It can be found online at http://www.cgdev.org/section/initiatives/_active/codaid along with other papers related to the concept.

³ The Uwezo test was developed with inputs from the Ministry of education and administered to a sample of 42,033 and 128,005 pupils aged 6 to 16 in 2010 and 2011 respectively. Uwezo is an East Africa-wide education quality initiative that has conducted nationally representative surveys of student learning in Kenya, Tanzania, and Uganda since 2010. More information can be found at www.uwezo.net; the full report of the Uwezo 2011 results, *Are Our Children Learning?: Numeracy and Literacy Across East Africa*, can be found at <http://twaweza.org/index.php?i=591>.

Table 1. Percentage of Standard III pupils who successfully completed the Standard II level Uwezo assessment

	2011	2010
Kiswahili	28.3%	32.7%
English	11.5%	7.7%
Arithmetic	30.4%	30.3%

Many factors contribute to this situation. Recent evidence suggests two aspects – teacher absenteeism and declining funds reaching schools – are particularly problematic. A recent study by the World Bank and African Economic Research Consortium found that teachers in rural schools teach for only 2 hours 4 minutes per day and in urban areas for 1 hour 24 minutes per day on average, compared to the requirement of 5 hours and 12 minutes.⁴ In terms of funding, capitation grants of US\$10 per pupil per year do not reach primary schools in full and on time. The amount of this grant reaching schools has declined in recent years, from US\$6 in 2004, to US\$4 in 2009, and less than US\$2 in 2011. Moreover, while the grant is meant to be allocated on a simple per capita basis, reports indicate large disparities in the amounts actually reaching schools.

Proposed Interventions

NGO pilot program to pay for learning improvements: Twaweza, an East African initiative based in Dar es Salaam, is proposing to pilot a COD Aid style program which would make payments based on the number of pupils who perform well on the Uwezo assessment. The assessment exercise would be administered to Standard II children (at the end of the school year) in a sample of 6 to 12 districts. Twaweza proposes to make payments to different entities (i.e. different “treatments”) in order to conduct a rigorous impact evaluation and find out which approach best improves student learning. Specifically, for each pupil who performs well on an Uwezo-like assessment at the end of Standard II, the program envisages paying one of the following:

- *Teacher focused:* US\$20 to the teacher and US\$5 to the school;
- *School focused:* US\$20 to the school and US\$5 to the teacher;
- *Community focused:* US\$10 to the teacher, US\$10 to the school and US\$10 to the child’s parents or guardians;
- *District focused:* US\$25 to the District Council

This application of COD Aid would generate evidence about the extent to which outcome-based incentives drive improvements in learning outcomes. Of particular interest will be whether and how the incentive operates at the level of the District Council.

NGO pilot program to test the effectiveness of capitation grants: In a separate, but related intervention, Twaweza will work with the government to evaluate the impact of increased regular funding on student learning. In another 6 to 12 districts, Twaweza will work with the government to ensure that the capitation grant of US\$10 per student flows to schools in a full, timely and predictable

⁴ *Service Delivery Indicators: Pilot in Education and Health Care in Africa.* February 2011. http://www.aercafrica.org/documents/isd_workingpapers/ISDReportFINAL.pdf

manner.⁵ In some places, the funding will be sent directly to district education accounts (as per current policy) while in others the funds will go directly to dedicated school accounts. For both the district and direct-to-school funding, the level of information provided to citizens will be varied to test whether public accountability improves the use of funds and the resulting learning outcomes. Funds will be used and accounted for in accordance with existing government policies and institutional arrangements, which provide a prominent role for school committees and head teachers and oversight by the district education offices. The intervention will be able to evaluate which mechanism is more effective at getting funding to schools and whether student learning improves, as measured by the Uwezo test.

Undertaking the pilot to pay for learning parallel with the pilot for capitation grants will enable Tanzania to compare the two kinds of approaches. Put differently, this approach allows Tanzania to compare the impact on learning of an input based intervention (capitation grants) with that of an outcome based incentive (paying for learning). Lessons generated from these pilots through a rigorous evaluation could provide a solid evidence base for scaling up interventions across the country, and contribute to the global knowledge base on education.

Idea for consideration: Nationwide rollout of pilot primary learning program

As a first step, we hope that the Tanzanian government and its development partners encourage Twaweza to implement its pilot, support its objectives through public dialogues, and follow closely the results of the planned evaluation. If Twaweza is successful, the findings from its pilot program will be available in 2013. Though many details still need to be worked out regarding the exact indicator and instruments for funding, we believe the evaluation of Twaweza's pilot program is likely to generate valuable guidance for public policy. The government could subsequently extend the more successful elements of this pilot nationwide.

Second, the Tanzanian government could become a pioneer in using the COD aid modality by beginning discussions with its donor partners about supporting a nationwide rollout of the most promising alternatives from the Twaweza pilot program. Given the relatively short time estimated for generating evidence of the performance of different schemes, planning should begin now for such a scale-up. The Swedish and UK governments seem well-positioned to support such a nationwide rollout, and staff at the World Bank in Tanzania have expressed interest in the pilot.⁶ Other donors might well be interested; there appears to be good donor coordination on education sector issues in Tanzania.

A COD Aid agreement focused on primary schooling could be designed relatively quickly. It would require a memorandum of understanding or contract that would cover such issues as:

- the number of years for the project (we recommend a minimum of three and more if possible);
- the measure of learning (we believe the Uwezo assessment is a good measure);
- specification of the unit of progress (e.g. each child that passes the test, each additional child that passes compared to a baseline from the previous year, each percentage increase in the average pass rate, etc);
- the amount of payment (per child that passes or per other increment);
- the person or institution who will receive the payment (ideally this decision would be made by the Ministry of Finance in consultation with the Ministry of Education/Prime Minister's Office,

⁵ This may require an outside source of money to supplement the government's budgeted amounts, and other details will still have to be worked out.

⁶ The COD aid modality will be easier for the World Bank to implement because the World Bank's board recently approved a new results-based approach to lending called the Program for Results (P4R) instrument.

not by the donor; the results of the pilot would be taken into account in making this determination);

- the process for reporting and verifying test results (if the test is administered by a third party, further verification would not be necessary; if the test is administered by the government, then an independent firm should be contracted by the donors to retest a sample of schools);
- requirements for public and popular dissemination of the agreement, learning outcomes, and disbursements (we recommend emphasis on this issue as a way to ensure engagement of communities, parents, MPs and so on);
- the arrangements for an evaluation of the interventions used to improve learning and also a process evaluation of the COD Aid relationship.

In our experience, such agreements can be designed by convening a workshop to get inputs from a group of experts, followed by specific negotiations between the government and its supporting donor(s). In other cases, studies are required to assess the quality of the student test or program, but Twaweza's impact evaluation should provide the basic information required to assess those features of the program.

The cost of implementing the full disbursement of capitation grant as per existing policy at US\$10 per pupil is about US\$90 million per year. Should the pay for learning approach be rolled out countrywide for an estimated 1.2 million children in Standard II and if 50% were to pass the Uwezo assessment, the annual payout would be about US\$15 million. The maximum annual payment if all were to pass would be US\$30 million. Costs for the communication and measurement of outcomes would be additional.

II. COD Aid for increased learning in secondary education

Background

Tanzania has achieved a remarkable expansion of secondary education in the last few years, from an enrollment in Form IV of 5 percent in 2005 to 30 percent in 2010. At the same time, a number of indications show that student learning has stagnated or declined. For example, government reports show that student scores on the Certificate of Secondary Education Examination (CSEE) declined. In 2007, about 23.5% of Form IV students achieved division 1 through 3 levels while in 2011, only 7.9% achieved these levels.⁷ This partly reflects the rapid expansion in enrollment but it nonetheless is a troubling trend and the government is clearly concerned and seeking ways to address it.

This might be a propitious moment for Tanzania to consider negotiating a COD Aid agreement for secondary education.

- A large portion of aid for the education sector is channeled through budget support, but it appears that several aid agencies are likely to be moving away from this modality. This is unfortunate because the budget support mechanism assures that funding is integrated into the government's sector strategy. A COD Aid agreement that paid for increased learning in secondary school would preserve the government's ownership of its program and flexibility in spending while linking aid disbursements to measurable improvements in student learning.

⁷ The full report of the CSEE results from the Ministry of Education and Vocational Training can be found at http://www.moe.go.tz/index.php?option=com_docman&task=doc_details&Itemid=0&gid=135.

- The Twaweza pilot of primary schooling described above will provide Tanzania with experience in how the COD modality could work in support of existing governmental policies and institutional strategies. The leadership of Twaweza has indicated it would be prepared to assist in designing a secondary school pilot on design, communication and/or evaluation aspects as needed.
- The governments of Ethiopia and the United Kingdom are designing a program, which they call “Results Based Aid” (RBA), to disburse funds on the basis of progress in secondary school performance. The design and early implementation experiences of that pilot will be available to inform an initiative by Tanzania which could build on this model.

Idea for consideration: Aid disbursements linked to secondary school exam passers

The Tanzanian government has a unique advantage to simplify its aid transactions, increase its focus on improving outcomes in the secondary sector, and pioneer a new aid modality that could be useful in other sectors and countries. The program would involve an agreement between a donor (or group of donors) and the Tanzanian government to pay a fixed amount for each additional secondary school student who sits for and passes the CSEE/Form IV exam. The funds would be disbursed to the Tanzanian Treasury for use by the government according to normal budgetary rules and mechanisms. At Tanzania’s discretion, these funds could be earmarked for the education sector or applied in some other way – though this and other proposals in this note would clearly be the subject of discussion and negotiation.

Preparing such an agreement would involve selecting an outcome measure that is valid, reliable and independently verifiable. To be valid, the outcome measure should be related to student learning in the secondary sector. To be reliable, the outcome measure should be fairly precisely estimated and any changes from year to year should reflect real changes in student learning. To be verifiable, an independent agent should be able to assess the accuracy of the reported outcome measure.

The first step would be for the Tanzanian government to express its interest to one or more donors, or the education donor group as a whole, for support in developing an outcome measure that would be appropriate for a secondary school learning COD Aid program. This would focus on assessing the information reporting systems managed by the Ministry of Education and the quality of the Form IV exam. Terms of reference for such a study could be modeled on the recent assessment conducted by Ethiopia and DFID.

The next step would involve negotiating an agreement (e.g. Memorandum of Understanding) regarding the amount of the payment, who will verify the outcome measure, the term of the agreement, and provisions for contingencies. Such an agreement might look like the following:

- The outcome could be Form IV students that have learned the curriculum for their level.
- The indicator for this outcome could be CSEE/Form IV examination passers with Division 1-3.
- The payment amount could be TZS 200,000 (about US\$125) per student who passes with Division 1-3. Alternatively the rate could be varied to pay higher for Division I passes and lower for Division III passes.
- Verification would be done by an independent consulting firm that would retest students in a sample of schools 2 to 4 weeks after the administration of the Form IV examination.
- As with any COD Aid agreement, there would be requirements for broad and effective public communication of the agreement, outcomes reports, verification reports, and disbursements.

If such an agreement had been in place in 2010, the total disbursement would have been US\$5 million for the 40,000 students who scored in divisions 1 to 3 on the CSEE. However, some 440,000 students sat for the exam that year. Therefore, if Tanzania were to improve secondary schooling so that half the students each year could score in divisions 1 to 3, the payments would rise to US\$25 million per year. In addition, costs for the communication and measurement/verification of outcomes should be considered.

Appendix: List of People Interviewed

Hon Dr. Shukuru Kawambwa, MP, Minister of Education and Vocational Training (and team of 5 senior officers)

Professor Hamis Dihenga, Permanent Secretary, Ministry of Education and Vocational Training

Representative, Ministry of Local Government

Ms. Kijakazi R. Mtengwa, Permanent Secretary, Ministry of Community Development, Gender and Children

Benno Ndulu, Governor, Bank of Tanzania

Servacius B. Likwelile, Deputy Permanent Secretary, Ministry of Finance

Hon. Zitto Kabwe, MP (CHADEMA)

Hon. January Makamba, MP (CCM)

Paulsen Mrina, Consultant/Analyst (Bumbuli constituency)

Samuel Wangwe, Executive Director, Research on Poverty Alleviation (REPOA)

Adolf Mkenda, University of Dar es Salaam

Mujobu Moyo, International Growth Center

Maria Berlekom, Head, Development Cooperation Division, Swedish Embassy

Magnus Cedergren, Economist, Swedish Embassy

Anders Emanuel, Governance advisor, Swedish Embassy

Stellan Arvidsson, Education advisor, Swedish Embassy

Afzal Sher, Researcher, Swedish Embassy

Marshall Elliott, Head of DFID Tanzania, UK Department for International Development

Tanya Zebroff, Education advisor, UK Department for International Development

Liz Taylor, MDG team lead, UK Department for International Development

Richard Moberly, Senior economic advisor, UK Department for International Development

Arun Joshi, Education task team leader, World Bank

Nobuyuki Tanaka, Education economist, World Bank

Corey Huntington, Education sector team leader, Canadian International Development Agency

Rakesh Rajani, Head, Twaweza

Kees de Graaf, Management Coordinator, Twaweza

Joseph Ngwegwe, Tanzania Program Manager, Twaweza

Verena Knippel, Learning, Monitoring and Evaluation Manager, Twaweza

Youdi Schipper, Manager Uwazi/analytical unit, Twaweza

The CGD team also interacted with several others at a workshop on COD Aid organized by the Ministry of Education and the Swedish Embassy at the Kilimanjaro Hyatt, and in bilateral meetings at the Swedish Embassy, DFID office at the British High Commission, and at the World Bank Tanzania country office.