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MODULE FIVE

UNIT THREE

Mobilisation of Financial Resources

Introduction

In the implementation of any educational plan, programme or project, it is important that the necessary resources are available. There are four main types of resources which can be mobilised. These are human, material, time and financial resources. This unit will deal specifically with financial resources and how they can be mobilised.

Once the needs for human and material resources have been identified, estimates of the amount of financing required to deploy and use these resources effectively should be worked out. In Unit 1 sources of school funds were identified. They include the government, parents and the community, as well as the school itself through finance generating projects, such as a school farm, handwork. Mobilisation of any of these sources involves sensitisation, education, justification for the activities to be done and a plan for achieving the objectives. This unit considers the availability of finance, budgetary prioritisation in a school, the distribution and use of financial resources and possible extra-budgetary sources of financing.

Individual study time: 3 hours

Learning outcomes

By the end of this unit you should be able to:

- mobilise available finance
- organise financial resources based on the budgetary priorities set within the school
- demonstrate skills of distribution and the use of school financial resources by budget items
- describe how to make provisions for additional sources of finance for school projects and programmes.

Mobilising available finance

Activity 3.1

- (1) List the four types of resource which are needed for the implementation of school projects or programmes and which were identified in the Introduction to this unit.
- (2) Identify the three major sources of school finance which were identified in the Introduction to this unit and which were discussed in Unit 1.

20 minutes

Financing availability

Financing availability may be described as the percentage of public expenditure given to education. In the case of an individual school, financing availability can be considered as a percentage of education expenditure on the appropriate sector. The examples below illustrate how financing availability can be determined.

Example 1

If in 1991/92 the total government expenditure was shs 95.5 billion and total expenditure on education was shs 11.3 billion, what was the financing availability? (Note: shs = shillings)

$$\begin{aligned}\text{Govt. expenditure} &= \text{shs 95.5 billion} \\ \text{Education expenditure} &= \text{shs 11.3 billion} \\ \text{Financing availability} & \\ \text{(in percentage terms)} &= 11.3 \times 100/95.5 \\ &= 11.8\%\end{aligned}$$

Example 2

The education expenditure on primary education in 1991/92 was shs 4.74 billion. If Mengo Primary School was getting a capitation grant of shs 20,000/= per student per year and the enrolment of the school was 1000, calculate the financing availability.

$$\begin{aligned}\text{Education expenditure on primary schools} &= \text{shs 4.74 billion} \\ \text{Expenditure on Mengo Primary School} &= 20,000/- \times 1000 \\ &= \text{sh 20,000,000/-} \\ \text{Financing availability of Mengo Primary School} &= 20\text{m} \times 100/4740\text{m} \\ \text{(in percentage terms)} &= 0.42\%\end{aligned}$$

Activity 3.2

If in 1992/93 government expenditure was shs 197.5 billion and expenditure on education was shs 18.5 billion, calculate the financing availability for education.

10 minutes

Comments

As defined earlier, the financing availability for education is the percentage of government expenditure allocated to education. In your calculation you should have discovered that the financing availability for education in 1992/93 was 9.4 per cent.

Activity 3.3

In 1990/91 Kasongoire Primary School had an enrolment of 850 pupils. If each pupil was given a capitation grant of shs 25,000/- calculate the total amount of money spent on the school. If in the same year the government spent shs 1,080m/- on all

primary schools in the country, what is the financing availability of Kasongoire Primary School?

25 minutes

Comments

First work out the total amount of money available to Kasongoire Primary School by multiplying the enrolment by the capitation grant for each pupil. Then find what percentage this amount is of the total expenditure on primary schools. In your calculation you will find that the financing availability of Kasongoire Primary School is 1.97 per cent.

Most African countries have low financing availability and because of this, government and communities need to mobilise additional financial resources. It should be noted that mobilisation of financial resources for education is strongly affected by changes at both the national government level and education sector level. Readjustments in expenditure from, say, military spending might be diverted to education. In some countries government priorities are directed to providing the infrastructure (such as roads, electricity and water) to support economic development. The balance of argument in the 1990s is now back in favour of additional funding for education, particularly for basic education (literacy and numeracy) and for disadvantaged groups, such as those living in rural areas, and, in some countries, women and girls. Schools should take note of this and, as far as possible, adjust their plans or projects accordingly. School heads should try to ensure that they are receiving a fair allocation of funds, particularly those from government sources.

Budgetary prioritisation in a school

Because an institution's financing availability might not meet all its educational requirements priorities have to be set. Educational planners, including school heads, seek to channel resources to the educational activities which will have the greatest impact and are likely to be able to solve educational problems. Prioritisation involves putting first things first, that is, deciding on the activities that must be done before others are carried out. The countries which define their sectoral priorities in accordance with an overall development policy have more chances for mobilising resources for education.

Likewise the head of a school should arrange developmental activities in order of importance, so that funds may then be allocated.

Activity 3.4

- (1) List all the activities or items on which you would like to spend money in the next financial year. (Perhaps set yourself a limit of ten items - and please make sure the items are realistic!)
- (2) Rearrange them in order of priority.

30 minutes

Comments

There is a wide range of activities or items which you might have identified, for

example: purchase of teaching materials, stationery, furniture, co-curricular equipment and farm implements; construction of a classroom block, teachers' houses and a library; repair of a leaking roof, painting of a dormitory and purchasing a pick up for school transport; staff allowances and wages and a party for staff etc. Considering the importance of each item you should be able individually or in a group to prioritise the items.

Prioritising may mean having to make hard choices. Clearly the leaking roof must come before a party for the staff, since it is necessary to stop more damage being done. Some decisions relate to direct improvements in the teaching and learning environment, whilst others are more to do with personnel and welfare matters. Thus would money spent on a teacher's house be more beneficial than building a library room? How about balancing say, four less expensive things against one more expensive item? Perhaps you suggested in your answer that you might concentrate on different types of things from one year to the next; so this year you could target one more expensive item and next year give something to each area.

Activity 3.5

You are the head of a certain school and your plan is to establish a school farm in order to be more productive and become self-reliant.

- (1) List all the activities that will require funds.
- (2) Arrange the activities in order of priority to facilitate the mobilisation of resources.

30 minutes

Comments

Some of the items you may need to set up a farm include the purchase of implements, seeds, animals and pesticides, the hire of a tractor, storage facilities, transport of produce etc.

Distribution and use of school financial resources

In general, financial resources are scarce and this scarcity can be made worse by the inappropriate distribution or misuse of such resources. It is, therefore, necessary to rationalise all expenditures. This can be achieved by drawing up proper criteria for resource distribution and thus to reduce imbalances. Inequalities frequently exist in the sharing out of resources committed for education. One such inequality is the way that resources are distributed between urban and rural schools. Normally the urban schools are advantaged while the rural schools are considered marginal in matters of education and other social services. Another inequality occurs when the resources allocated have high administrative costs which limit implementation of projects.

From the national point of view the distribution of financial resources for the education sector is affected by pressure from other sectors for which there seems to be greater justification regarding the distribution of funds. It is true that in the education sector significant results are reached only in the medium or long-term,

while in other sectors they are realised in the short-term and often with greater efficiency.

It is important to note that often the good use of financial resources is limited by administrative problems. Utilisation is satisfactory when:

- the allocation of funds takes account of the activities to be carried out
- there is the capacity to use the funds committed
- resources are provided in time
- expenditure is properly accounted for and is according to priorities.

Activity 3.6

Mention two factors that cause inequality in the distribution of financial resources.

10 minutes

Comments

You may have listed the inequalities mentioned in the first paragraph of this section or others. Inequalities may arise when more importance is given to preferred levels of education, or between boarding and day, or within a given school when more importance is given to examination classes than to lower classes.

Activity 3.7

- (1) Give reasons why financial resources for education are limited.
- (2) What are the conditions that can ensure the satisfactory use of financial resources?

20 minutes

Comments

Considering the number of sectors sharing the national revenue, education gets a smaller share as it is not a productive sector in the short run. Among the necessary conditions for the satisfactory use of resources can be included:

- the capacity to use available funds
- the provision of funds in time
- the proper accounting for expenditure based on priorities.

Possible extra-budgetary sources of finance

Most of the financial resources for the different levels and types of education are provided by the public sector. In Uganda the situation is different: government contributes between 10-15 per cent of the revenue needed to meet most of the educational requirements, while 90 per cent is obtained from other sources. There has to be a constant search for other sources of finance. Parents have played a big role in meeting the largest part of education costs.

In education systems the most important component is personnel since the sector makes intensive use of human resources. In other words, the running or recurrent costs reach much higher levels than investments. Among extra-budgetary sources the

contributions which the parents and the community can make constitute an important supplementary way of mobilising financial resources allocated to education.

Resources mobilisation strategy

In order to mobilise extra-budgetary resources a strategy is needed, which may involve the following aspects:

1 To increase financial resources for education, account should be taken of the fact that it is important to improve the lot of disadvantaged population groups since they provide continuing examples of social inequalities.

2 Non-budgetary resources should be sought urgently to supplement those coming from government and tuition fees, taking into account each school's characteristics.

3 Despite the lack of appreciable economic impact made by the non-budgetary resources, it is desirable to mobilise them to promote participation of the population in solving community problems.

4 Extra-budgetary resources should be sought to reduce unit costs and improve the implementation of plans or projects, taking into consideration the financial burden imposed by the labour intensive use of staff.

It is difficult to find additional sources of financing, given the great variety of sources already used in most countries. For the most part it is only a matter of using differently those sources which are already being used. For instance, in organising fund raising, it is the parents, as well as the relevant ministry, who are likely to contribute to the school funds.

There are a variety of ways of mobilising financial resources which are commonly used in some schools. Some of these have already been mentioned in Unit 1. They include the following:

1 A Special Education development tax: this can be restricted to an area within which the school is located, for instance a subcounty or a county, or a district.

2 Fund raising functions: these may involve activities like raffles, drama, concerts, charity walks, collecting various items and auctioning them, cash donations.

3 Contributions or donations by private companies.

4 Special grants by government for specific activities.

5 Sales of school products.

6 Borrowing from financiers provided security is guaranteed.

Activity 3.8

Examine the various ways of mobilising financial resources and determine which one

of them gives the best returns. What are the risks for each of them? Can you mention any other ways you consider important but which have been omitted?

30 minutes

Summary

In this unit you have been able to learn a number of concepts or ideas concerning mobilisation of financial resources.

These can be summarised as follows:

1 The main types of resources are human, material, time and financial resources.

These need to be mobilised to facilitate implementation of the school plans, or programmes, or projects.

2 To mobilise financial resources one must consider the financing availability, which is the percentage of the public expenditure given to education or, in case, of a school it is the percentage of the education sector expenditure given to that school.

3 Budgetary prioritisation is the arrangement of items or activities in order of importance and allocating money which will facilitate their execution. Often there are inequalities which arise in the distribution of financial resources nationally as well as at the school level. Great care must be taken in distribution of the available funds.

4 As the financing availability is extremely small, a search for extra budgetary sources of financing educational activities has to be carried out.

5 Various mobilisation strategies should be used to obtain the necessary funds in order to implement the school plans.

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