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Two Sides of a Public-Policy Innovation: The Kenya Education Reform

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Abstract

The article argues that the two sides of the Kenyan education reform – one regarded as successful by donors and the other as corrupt – are in fact parts of the same political process. Both sides were driven by different motivations in order to simultaneously accommodate interests for aid increases and ethnically-biased redistribution into the process. This, however, does not imply that donors wanted to induce corruption. What it means is that by ignoring the political dynamics of Kenya and applying the label of "success" without adequate monitoring, aid took on an instrumental role that reinforced state power. As a result, the aid linked to the education SWAp played two roles: some of it was used as a free resource to finance the patronage networks of the Kibaki government, while at the same time, some funds were used to partially fulfil the goals of financing textbooks and school infrastructure.

Keywords: development policy; education policy; reform; Kenya

1. Introduction

In 2003, Kenya's newly elected government announced the introduction of free primary education (FPE). This decision was welcomed by Kenyans as enrolment rates had dropped to alarming levels due to the inability of parents to cover education costs. Initially donors provided technical assistance to help address the problems resulting from the FPE announcement. Within a few months, however, donor agencies became the driving force of an ambitious reform based around a public-policy innovation: the use of electronic transfers to direct resources to schools. This paper describes this public-policy innovation following the launch of free primary education in Kenya from two different angles. It first presents an account of the development of an electronic banking transfer to decentralize resources, an innovation made possible by donor collaboration in the education sector. The second part of the paper focuses on corruption in the Ministry of Education, looking especially at the example of a cartel of senior government officers who used the same electronic bank transfer system to extract rents from schools. The paper argues that these two sides are in fact parts of the same political process. The paper shows how by qualifying the public-policy innovation as "successful", donors and government funds were disbursed with very limited monitoring despite the knowledge that corruption is part of the bureaucracy and that politicians are active in influencing government transfers. Thus, both donors and the Kenyan government engaged in what has been described as normative pluralism. That is, corruption was possible because different sets of rules existed for the same social field (Mooij 1992, 229). Public-policy innovation is understood here as resulting in significant improvements in terms of efficiency, effectiveness or quality. Corruption – or the misappropriation of government property – was possible due to "residual innovation" (Braguinsky 1996, 18): that is, actors involved in the same institution in which the innovation took place use asymmetric information and unequal power relations to extract rents from the public-policy innovation.

The paper is based on seventeen in-depth interviews undertaken with senior government officials, World Bank and Department for International Development (DFID) staff and international consultants working in the education sector.[1] The interviews focused on how FPE was introduced and on the role that donors played in the subsequent FPE reform. Interviews were easy to arrange because at the time (from October 2008 to December 2009), FPE was considered a success story. At the end of 2009, one of my key informants from the Ministry of Education and a number of newspaper articles described how FPE funds were being misappropriated through corruption. Newspaper articles were also used to document the political battle that followed the education corruption scandal.

The rest of the paper is divided into six sections. The first two sections explain the importance of education as a political project for Kenya and describe how FPE became Kibaki's first political decision. The third section investigates how donors introduced innovations into the education sector as part of a wider reform agenda[2], while the fourth section examines how officials of the Ministry of Education undertook some innovations of their own, to divert funds through corruption; links between corruption and the country's political system are then explored. Finally, the paper concludes with reflections on the link between unaccountable aid and corruption.

2. Primary education as a political project

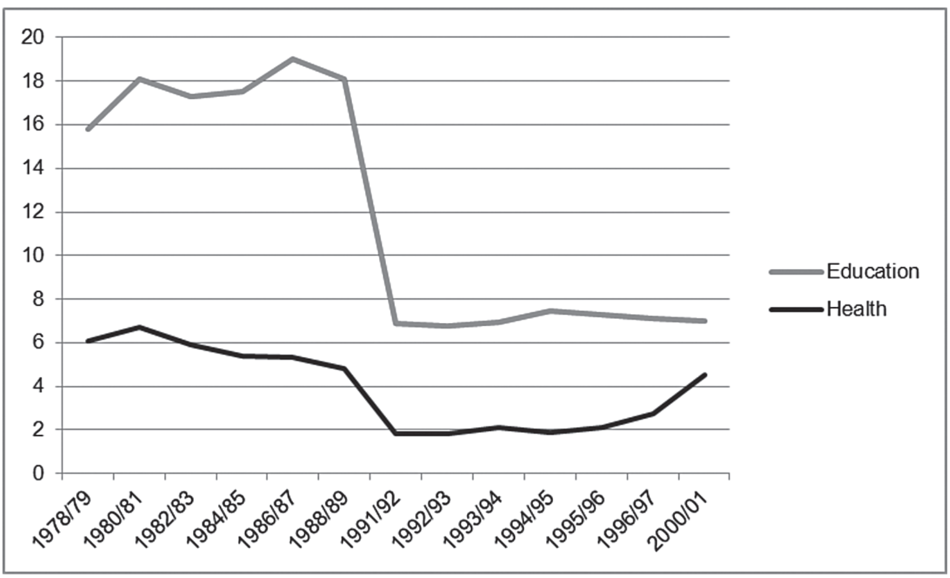
During colonial times, being educated allowed Africans to move into the modern sector economy and earn higher wages. These economic opportunities turned education into one of the most sensitive areas of post-independence politics (McKown 1974, 233). Kenya's first president, Jomo Kenyatta, promised to give every child the right to free education, stressing new political values that promoted equal opportunities and social justice. Soon after, the education sector was reformed in order to

1 See Appendix for a list of interviews.

2 Since 2000, donors have pegged aid to international commitments for poverty reduction. The achievement of universal primary education is one component of the anti-poverty agenda as reflected in the Millennium Development Goal (MDGs) for Universal Primary Education and the UNESCO declarations for Education for All in 1990 and 2000.

dismantle the segregated education system. Together with the expansion of community schools, the primary-education gross enrolment increased from around 60 per cent in 1964 to 79 per cent in 1970 (Colclough and Webb 2010, 5). In 1973, Kenyatta chose the celebrations of the first decade of independence to announce the abolition of fees for the first four years of primary education. In 1978, Daniel arap Moi, Kenya's second president, announced the abolition of fees for the remaining three years of primary education making primary education free. In addition to the free-primary-education policy, President Moi introduced a decree to supply free milk to all school children. The policies were so well received that by the early 1980s, near-universal primary education had been achieved.

Despite its popularity, the high costs meant that free primary education was short-lived. In 1985, as part of wider structural austerity measures, the government announced the introduction of cost-sharing policies that effectively abolished FPE (Swamy 1994, 3). The cost-sharing policies promoted by the World Bank meant that parents had to pay tuition fees as well as covering the costs of school construction and maintenance. The reversal of FPE occurred in stages. First, the government asked parents to pay school fees. Then it made education officers responsible for raising all other school-operation costs. In 1988, the government stopped supplying textbooks. By 1992, the parents were paying for education fees, building construction and maintenance, food, uniforms, textbooks and education supplies as well as all non-salary payments for teachers (Boyle 1999, 149). At the beginning of the 1990s, new budget cuts froze teacher recruitment and further reduced the education budget, in turn triggering a further decrease in enrolment rates (see Figure 1).



Source: Republic of Kenya (1978/1979 to 2000/2001), Government of Kenya Appropriation Accounts and Budgets Estimates quoted by Njeru and Orodho (2003, 15).

Figure 1: **Health and education expenditure as GDP percentage during the Moi government, 1978-2001**

Budget cuts in the sector were highly unpopular as they reduced educational opportunities for Kenyan children. However, an assessment of the effect of user-fee education policy did not take place until the end of 2001, when the Moi government announced that it was working on a programme to offer free and compulsory primary education after the 2002 elections (Mukudi 2004, 451). By the end of 2002, the government had back-tracked on its promise, saying that the economic situation of the country meant it could not afford free primary education. In response, the political opposition took the advantage and announced FPE as one of its key electoral promises.

3. Free Primary Education: President Kibaki's first political decision

During the 2002 election campaign, the National Alliance Rainbow Coalition (NARC), recognizing the importance of free primary education, used it as its leading campaign promise. The NARC presidential candidate, Mwai Kibaki, travelled across the country saying that his dream was to see every child go to school. Once again, the promise of free primary education struck a note among parents. At the time, the education sector was in a desperate situation: rising costs and poverty levels as well as deteriorating infrastructure caused children to drop-out or fail to complete primary education. By the time of the elections, it was estimated that 1.6 million children were out of school (Bedi et al. 2002). A director of the Ministry of Education said:

> NARC campaigners said they were going to eliminate the school fees which to us was a very welcome thing because we witnessed the drop in enrolment in schools in recent years because of poverty and the fact that parents had to pay school fees (Nairobi, 31 October 2008).

In January 2003, the NARC was declared the winner of the elections just two weeks before the opening of the new school year. Despite the short timeframe, and although the country was in the middle of an economic recession, the new government decided to implement its campaign promise of free primary education. A senior government advisor said:

> Having made the pledge the big question was whether the government was going to implement it? The government knew there was going to be overcrowding, they knew they required to hire new teachers and to buy new equipment and build more classes. But they said just start; don't give those who doubt a chance (Nairobi, 3 December 2009).

On Saturday, 4 January 2003, the Minister of Education gave a press conference to announce that primary education was free and schools would open as scheduled on the following Monday. For the first time in over fifteen years, the Ministry of Education became responsible for the recurrent expenses of all primary schools and for removing the cost barriers to primary education. At the beginning of term, an additional 1.1 million children showed up for school. Understandably, schools faced many urgent problems. However, the Ministry of Education did not have the resources to deal with them, as the FPE budget had not yet been discussed in Parliament. To address the urgent need for resources, the Ministry of Finance sent an initial payment of US$ 370 to each school to cover the most immediate expenses. Although this was not enough to cover school costs, it represented a guarantee that the government would stand by its promise.

The Ministry of Education faced a new blow when the Kenya National Union of Teachers demanded a salary increase by 150 per cent that had been negotiated (but never implemented) during the Moi administration. With the teachers' union threatened that teachers would go on strike if the increase was not implemented, the Ministry of Education was forced to accept a 150 per cent salary increase, which was to be distributed over a five-year period. During the negotiations, the Minister of Education tried to convince the teachers' union to accept the recruitment of unqualified teachers to improve the teacher-pupil ratio while respecting the public-service staffing-ceiling established by the IMF. However, the teachers' union refused this proposition, as it was thought to weaken teachers' position in the long term. A senior government advisor said:

> They [the teachers] thought that the government would continue hiring new teachers at a lower salary, so they felt threatened because when you are dealing with unions it is not about the salaries but the benefits (Nairobi, 3 December 2009).

The failed negotiations meant that the high pupil-teacher ratio caused by the introduction of FPE remained unresolved. The lack of teachers was quickly overshadowed by the fast-paced changes that took place in the following months. In May 2003, the Kenyan Parliament approved an increase in the education budget of 17.4 per cent, of which 9 per cent was for the implementation of the FPE policy. This increase was the first important change in government spending in the primary-education sector.

DFID, which since 1993 had financed an education programme focusing on school-based teacher training and the provision of textbooks, was quick to offer help to the Ministry of Education to address the challenges faced in the primary-education sector. Within a month, a DFID programme called Strengthening Primary Education had organized a mass teacher-training programme to help teachers deal with large classes. The quick response earned the appreciation of senior education officers at the Ministry of Education HQ who were under a large amount of pressure to make FPE work. A middle-level manager of the Ministry of Education said:

> Teachers were not prepared to deal with situations such as children who have been out school for a long time or children not used to school life. DFID dealt with that problem quickly by providing teacher training (Nairobi, 31 October 2008).

Once the mass teacher training was in place, DFID seized the opportunity to expand an ambitious textbook component that it had been working on. Three important aspects of textbook provision had already been implemented. First, the Ministry of Education had agreed to terminate the monopoly of government publishers and opened up the publishing of textbooks, so that both government and private publishers were able to compete on equal terms to produce and sell textbooks. Second, the Ministry – with support from education specialists and international consultants – had revised the primary-education syllabus to reduce the number of core subjects. Third, the manner in which schools were to receive funds changed after the approval of a financial decentralization. Despite these changes, the Ministry of Education was reluctant to commit to offering free textbooks. The FPE announcement opened an opportunity for DFID to contribute to the education reform process by expanding the textbook programme. Arguing that textbooks would help maintain the quality of education despite increases in access, the textbook programme was expanded to the national level. This was made possible by giving schools the responsibility to purchase the textbooks they required from local providers. This approach moved away from the existing centralized distribution of textbooks where the books often became stuck in regional stores as a result of inadequate district budgets to deliver them and poor communications between district officers and head teachers. The belief that giving cash to schools was the most effective means for textbook provision guided the public-policy innovation.

4. The first side of the innovation process: Donors' coordinated involvement in the education sector

FPE was acclaimed by the international community, which praised the commitment of President Kibaki to the Millennium Development Goal for Universal Primary Education and the UNESCO declaration on Education for All. The international press portrayed the plight of a democratic government in a resource-poor African country that, despite its commitment to the welfare of its citizens, could not afford to give them education. With DFID and the World Bank both interested in participating in the sector, officers from the two agencies started collaborating on the provision of free textbooks, promising the government that they would work together under a unified front in order to fund the textbook project. A senior government advisor said:

> The WB and IMF wanted to be part of it, almost overnight … Everybody found some money to give to FPE. President Clinton said 'I would like to know this president [Kibaki] and congratulate him'. The tide of international opinion had already changed from cost-sharing to state provision [of primary education]. I think this is one thing that really favoured him [President Kibaki] (Nairobi, 3 December 2009).

Since DFID had experience in the sector, the World Bank agreed to provide a US$ 50 million grant to mainstream the textbook programme. This grant meant that all public schools would be able to receive funds for the purchase of textbooks in a short time frame. Coincidentally, the textbook component supported decentralization to the schools at the same time that the country was debating wider political decentralization, in an attempt to move away from the centralized logic followed during the Moi government. It is likely that this nation-wide debate played an important role to devolve more responsibility and more finance to various levels in the system. To achieve this decentralization, the Ministry of Education and the Ministry of Finance decided that the government would pay a grant of Ksh 1,020 (approximately US$ 13.5) for each child enrolled in public primary schools. The grant was expected to cover the costs of primary education. However, the problem remained of how these grants would reach all primary schools in time.

Both DFID and the World Bank provided technical advice to address this problem. It was decided that electronic bank transfers would be the best way to channel funds to schools. The transfers were a radical departure from the traditional system of sending money through hand-written cheques from the Ministry of Education headquarters to the provincial education office, then to the district education office and finally to the schools. The new decentralized transfers to schools were seen by donors as a way for schools to avoid paying bribes. Another advantage of the transfers was that they were not difficult to implement, as school bank accounts could be opened easily. The Ministry approved the electronic transfers and drafted the Money Transfer Act to give a legal mandate to the devolution of funds to public primary schools. Most schools were able to access funds – which were to cover school maintenance and the purchase of textbooks – forty-eight hours after the transfer was made (GoK 2004). The electronic transfer was a technical response to the problem of resource transfer, which had two immediate advantages: it allowed schools to buy textbooks without delays, and it meant that donors could channel aid for the purchase of textbooks quickly. By 2004, the World Bank had released a US$ 50 million grant for the textbook programme and, together with DFID, was working on how to expand aid in the sector.

In 2005, DFID and the World Bank agreed to establish a single financial structure called the Sector Wide Approach (SWAp). The SWAp, an element of the new aid architecture, required donor harmonization by focusing all activities within a sector-wide education reform rather than individual projects. There were also important changes in the financial structure, with all funds being pulled into a common financial pool. However, the SWAp required the Ministry of Education to produce an education strategy that requested large amounts of aid from donors. This meant that each sector within the Ministry of Education had to provide specific financial requirements for a five-year period (2005-2010). Although there was an education-policy framework (Sessional Paper No. 1 of 2004 on Education and Training), this document was not useful to donors as it lacked funding requirements.

DFID contracted two consultants to prepare the SWAp. One consultant worked with middle-level managers of the Ministry of Education to develop a five-year strategic plan that included financial requirements for the entire sector. This consultant bridged the interests of the Ministry and the donors by identifying priorities and producing twenty-three investment programmes that both the Kenyan government and donors would fund. Once the strategic plan was ready, it was given to senior-level managers for discussion. A second consultant worked on developing a financial document for harmonizing donor contributions to the education sector. This financial agreement included advice on developing linkages between policies, plans, medium-term fiscal frameworks and annual budget cycles. The financial agreement established that all donors, independently of the amount of money they committed, had the right to vote equally. In addition to DFID, World Bank staff also worked on the procurement system in order to meet World Bank requirements. Measures were undertaken to strengthen the internal audit unit and an international accounting company (PriceWaterCoopers, PWC) was hired to audit grants made to schools. A DFID consultant said:

> There were many [DFID] people working on the project and the World Bank had its own people … DFID had a consultancy to help the Bank prepare the [grant] submission to its board and authorize disbursement. There was a lot of work [done] on procurement laws in the Ministry of Education, and the government (Nairobi, 6 June 2009).

Parallel to this process, both DFID and the World Bank supported the reform of the senior management structure. The new post of Education Secretary was established, replacing the Director of Education (until then head of the Ministry of Education). Under the new Education Secretary, five new directorships were established: Basic Education; Technical Education; Higher Education; Policy and Planning; and Quality, Assurance and Standards. This restructuring displaced many senior staff within the Ministry of Education, including the Director of Education, whom donors had found extremely difficult to work with. A DFID consultant said:

> There was quite a bit of nepotism [in the top echelons of the Ministry of Education]. I remember the Director of Education … [this person] was a Moi appointee. [The Director] was not liked by other professionals in the Ministry because [this person] had no background in the civil service as the Director came from a secondary school. People felt that it was a wrong appointment. [This Director] did not last very long; within 18 months [the person] was deposed and moved down (Nairobi, 13 February 2009).

After the new positions were created, the Ministry of Education opened a competitive recruitment process. Professor Karega Mutahi was hired as the Education Secretary. A highly educated man, who had done postgraduate studies in UCLA and obtained a PhD in Linguistics, Professor Mutahi was charismatic and able to talk the donors' reform language. Donors were pleased with the appointment as they felt that this reform-minded Education Secretary would facilitate the work of the SWAp. Once all senior managers – the Education Secretary and the five Directors – were in place, donors started working on finalizing the education strategy, called Kenya Education Sector Support Programme (KESSP). In July 2005, Parliament approved the education strategy, which became Sessional Paper No. 1 of 2005 for Education, Training and Research (GoK 2005). After its launch, DFID advised the Ministry of Education to apply for the United Nations Fast Track Initiative. Kenya's Fast Track

Initiative application was reviewed by donors working in the education sector in Kenya, among them the World Bank and DFID, which naturally supported the application. From 2005 to 2009, the Fast Track Initiative awarded US$ 24.2 million annually to the sector, with most of the money going to the national textbook programme (GoK 2007, 89). A DFID consultant said:

> Kenya was the largest recipient because it had a good plan [KESSP] and the [World] Bank was supportive and [Kenyan] politics had changed. It was a large amount to ensure Dakar commitment was honoured (Nairobi, 6 June 2009).[3]

The funding from the Fast Track Initiative was the first to reach pool funds under the SWAp. In July 2006, the World Bank, DFID, CIDA and UNICEF joined the funding pool with a joint contribution of US$ 182 million. This was a staggering amount for a sector that had received so little funding for the last twenty years. Although this contribution was channelled to the whole education sector through the KESSP, the bulk of the aid was committed to the primary-education sector; only three higher-education projects were funded. In comparison, the textbook programme received 51 per cent of the total external support for 2006/2007. School-infrastructure projects also benefited from aid (Colclough and Otieno 2009, 74). Thus, despite the emphasis on a sector-wide strategy, donors were able to direct most funding into sector components that advanced their anti-poverty agenda.

By the end of 2006, there were increasing tensions between DFID and the World Bank. With the other donors supporting the World Bank, DFID became isolated in the Donors Working Group and eventually lost the chairmanship of the group to UNICEF and USAID. This did not affect the SWAp, however, as the funds were committed for a five-year period (2005-2010). Interviews revealed that senior government officers were aware of tensions between the donors but decided not to take sides. A DFID consultant said:

> The Bank begun to overstep its mandate and interfered with the disbursing pattern … The Bank officials were controlling the FTI funds … [this] ended to eventually drove a wedge between the Bank and DFID (Nairobi, 6 June 2009).

The in-fighting among donors took place at a difficult time in Kenya. In early 2008, ethnic violence spread over the country. Official statistics reported that 1,000 people died and 600,000 were displaced during the post-election violence (BBC 2008). President Kibaki needed to regain the trust of the Kenyan population. In an attempt to appease the public, he announced the introduction of free secondary education in February 2008.

[3] The UNESCO Dakar Framework was a collective commitment to action, where governments agreed to ensure that Education for All goals and targets were reached and sustained.

Donors did not welcome the financial costs of free secondary education. DFID, in particular, did not consider secondary education to be pro-poor and felt it would detract from the needed investment in primary education. After the presidential announcement, senior officials placed the financial requirements of free secondary education within the KESSP, but donors replied that aid could not be disbursed until a Secondary Education Strategy was established. This strategy would indicate how much aid free secondary education required. Moreover, prior to any allocation, the Ministry of Education first needed to recruit "critical leadership" that would take the secondary education strategy forward. Thus, with this donors were stalling for time and meant that free secondary education would not be eligible for aid until 2010 because the existing SWAp funds were already committed (World Bank 2010). Despite the country's political tribulations, donors believed that the SWAp was a success. DFID viewed the education-sector interventions in Kenya as "very effective" due to "highly regarded programmes in primary education and effective funding mechanisms for textbooks and learning materials in the form of per capita grants at school level" (DFID 2007). Similarly the World Bank reported that "progress was being made towards achieving the project development objectives" (World Bank 2008).

Thus, from 2004 to 2010, the notion of "success" was accompanied by increasing amounts of aid and continuous control over the sector. Donor control was to such an extent that it no longer followed the government objectives instead dictating the terms of the reform for the Kenyan government, as exemplified in the drafting of the Kenyan education strategy and with regards to funding of the free secondary education. These actions allowed donor agencies to achieve their own interests by maximizing the amount of aid mobilized. Paradoxically, these achievements were at the cost of close monitoring of aid disbursed. Thus, the notions of "FPE success" seemed to be enhanced by donors' own interests.

5. The second side of the innovation process: Corruption in the education sector

For almost five years, donors believed that aid was reaching its intended purposes. This view was based on the apparently successful technocratic response to the challenges of FPE; however, it failed to take into account the political nature of resource distribution in Kenya. One of the few times in which donors had doubted the success of the reform came in 2005 when then Minister of Education, George Saitoti, was suspended because of his alleged involvement in one of Kenya's biggest state-led corruption scandals – the Goldenberg case.[4] Following this incident, the World Bank undertook an audit over the use of funds by the Ministry of Education (GoK 2008). Surprisingly this audit focused on the national level and did not look at the management of textbook funds at the school level. The result of the audit reassured donors that aid was not being mismanaged and FPE continued to be

[4] More than 10 per cent of Kenya's annual Gross Domestic Product was lost through the Goldenberg case at a time when Saitoti was both Vice-President and Finance Minister. This made him a key suspect. However, President Kibaki reinstated him after a court ruled that he could not be charged. The Kenyan media reacted negatively to the decision.

regarded as a success story. The focus on the management of resources at national level was justified by the Bank arguing that it was the responsibility of the Kenyan government and Kenyan parents to look after the disbursement of school funds. A World Bank officer said:

> It is difficult to follow up the decentralization as there are 19,000 public primary schools. The only way to monitor is to increase social accountability; that is, having the community police the schools. Another way would have been hiring independent auditors. However, this would have taken a huge amount of money. Also through auditing of schools every year, but that implied too much work. Instead, the head teachers were asked to write the funds the school was receiving in a board, in order to publicize it. Overall the decentralization process was quite successful (Nairobi, 30 March 2010).

The emphasis on decentralization and local accountability was part of the new aid architecture, in which aid is given to "selected countries" and the monitoring of how aid is disbursed is seen as the responsibility of the receiving country. Thus, the "selectivity" logic followed by the education SWAp meant that donors did not monitor implementation. The first time that donors suspected things were not what they seemed was in September 2009 after the Ministry of Education could not account for the disappearance of US$ 1.45 million of KESSP funds. As a result, the SWAp aid was frozen. Although this issue was not made public until December 2009 after a government officer leaked the story to the press, shortly after this, twenty-five senior officers were charged on corruption. This was followed by a strong statement from the Minister of Education, who apologized for the matter and promised donors to repay the missing funds. Although these prompt actions were expected to stop further inquiries, they had the opposite effect. The press, sensing a good story, started to follow up the case, especially in light of the fact that, with just one exception, all the suspended officers were middle-level and junior managers.[5] The exclusion of senior officers from the investigation fuelled a new wave of national scrutiny over the FPE implementation. The teachers' union and the Kenya Parents Association openly criticized the government for not investigating the Minister of Education, the Education Secretary or the senior financial officer as they were the signatories of education funds (Nation 2009). Nevertheless, the Minister of education rebuffed all criticisms. Together, the Minister and the President made several statements in which they reassured the public that formal enquiries were under way and that the truth would be uncovered.

The high-level statements could not prevent the press from investigating. There soon were reports on four different types of corruption. First, it was found that schools had not received the specified amount to cover tuition fees. A newspaper found that the Ministry of Education could not account for US$ 54.75 million which

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[5] Cecilia Odiek, Deputy Director of Secondary Education, was the only senior officer suspended. Speaking for the other 24 officers, Mrs Odiek said that they were being used as red herrings to distract public attention from the ills gripping the MoE. She dismissed the MoE investigation as a façade (Nation 2009).

should have been given to schools between 2004 and 2008.[6] The lack of accountability over the disbursement of funds had been already raised by an official auditing report (MoE-UKNAO 2009), which highlighted that the Ministry of Education was sending different amounts to schools. Second, it was found that a cartel of senior financial officers were extracting rents by sending higher amounts to schools, which were then transferred by head teachers to an undisclosed bank account. After doing this, head teachers were instructed to submit fake receipts accounting for all the funds. A newspaper published school bank statements showing how, after receiving US$ 5,384, a school had sent back 88 per cent of this amount to an unspecified bank account. A head teacher was quoted saying:

> At times they send excess cash, but ask school managers to withdraw the money and send the extra to officers at Jogoo house [MoE HQ] (Standard 2009).

Two factors enabled the cartel to extract this rent: first, the Ministry of Education officers concerned were the only people who knew the amount that each school was to receive; and, second, they were at the top of a highly hierarchical institution and knew that head teachers would follow their orders. The corruption was thus possible as a result of "residual innovation" (Braguinsky 1996, 14-15): rents were extracted by the corrupt officers using the same technology that had been introduced to simplify resource transfers to schools. This innovation showed that as donors' methods became more complex, government officers had adapted their actions accordingly to circumvent them. This type of corruption required a careful coordination between all parties involved from senior officers to district officers to head teachers in order to organize the transfer of funds from individual schools back to the Ministry headquarters. This meant that "informal rules of conduct" required for corruption to take place happened despite the donors' careful recruitment process.

The third story to break was that schools were not buying textbooks. In an open letter, the chairman of the Kenya Publishers Association estimated that the government had lost billions of shillings as schools were not buying textbooks, despite the funds released for that purpose by the Ministry of Education. Publishers kept the textbooks in their warehouses while salespeople in the field sent reports of collusion between education officials, teachers and booksellers. He said:

> Nobody seemed to be buying books. People were selling air to schools and paying with real money. The matter was taken up with the Education Secretary, who told us to stop spreading gossip against the Ministry of Education officers. Then the publishers went with DFID and the WB to intervene but nothing happened … Corruption begins at the Ministry of Education headquarters and stretches across the field (Standard 2009).

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6 An investigation conducted by a national newspaper found that in 2004, the MoE had sent one US$ less for each pupil – of the total US$ 13.5 stipulated per child – leading to a "missing" US$ 7.77 million. In 2005, schools were underpaid by US$ 1.5 per pupil, thus withholding US$ 11.9 million. In 2006, the under-disbursement was equivalent to US$ 28.4 million. In 2007 and 2008, the MoE withheld US$ 3.32 million and US$ 3.36 million respectively (Standard 2010a).

This letter pointed out that donors were ignoring to monitor the results of their own reform, even when there was evidence of corruption being presented to them. It also showed that donor assumptions regarding "social accountability" and the role of parents in the FPE reform were misplaced. Fourth, it was found that US$ 20.5 million (around a quarter of the total funds) meant for infrastructure development in schools under the KESSP had been channelled to ineligible schools accounts (Nation 2009). An officer said:

> The infrastructure department is usually busy before the end of the financial year because each senior officer wants to include a school which she or he has an interest in the disbursement list. Even MPs bring schools to benefit in the infrastructure list (Standard 2010a).

After these findings, public pressure mounted. President Kibaki was criticized for not taking the necessary measures to address corruption. It reached such an extent that opposition MPs threatened to recall Parliament to prosecute the Minister of Education if the President did not take action. The President resisted, and the Minister and his Education Secretary remained at their posts. As a result of the increasing doubts over the credibility of the Ministry of Education, DFID commissioned a team from the UK National Audit Office, the Ministry of Education and the Kenya National Audit Office to determine the number of textbooks in schools. The study estimated that nine per cent of the 58 million books bought under FPE – at a total cost of US$ 14.5 million of donor and government money – had been either stolen or vandalized. The report recommended an investigation of 5,000 schools from which large numbers of books were missing.[7] The resulting report recommended that the Ministry of Education HQ emphasize the importance of record-keeping to ensure that schools are accountable for the public funds they receive. A second study by the UKNAO found that approximately 40 per cent of the total FPE funds allocated to schools for textbooks had been stolen.

In addition to these findings, an audit by the Treasury (Ministry of Finance) revealed that the constituency of the Education Minister had received half of the funds, seriously damaging the credibility of the Minister (Nation 2009). Despite these findings, the President refused to open an investigation into the role of the Minister and senior education officers in the misuse of education funds. This pointed to a lack of accountability at the top of Kenya's political system. Amid the corruption scandal, UNESCO published its Education for All Monitoring Report that said Kenya was on track to achieve universal basic education in 2015 (UNESCO 2010). However, the report advised that Kenya required the allocation of additional resources to address internal disparities. This request to the international community to disburse additional aid was surprising in light of the recent announcements of corruption, and highlighted the naivety of international reports towards specific African contexts.

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[7] Following the results of the audit, 5,000 schools were investigated out of a total of 18,000. The Education Secretary said that the MoE had cleared 3,200 schools after establishing that their records were accurate. At the time of writing, the remaining schools were still under investigation. In the end, 270 head teachers were fired after failing to provide the correct information on their textbook stocks (Standard 2010b).

6. Linking corruption with ethnically-biased redistribution of education resources

Misuse of public resources in Kenya has manifested in the manner in which public resources are used by the President and the members of the ruling coalition to remain in power. In this environment, there is very little likelihood that the government will be subject to public accountability. In February 2010, this scenario repeated itself after three young officers were charged with embezzling US$ 89,700 concluding the legal case regarding corruption in the primary-education sector. After this, the Kenyan government paid back donors the remaining US$ 560,000 that could not be accounted for and the Minister of Finance announced that the government would disburse the money to ensure the continuation of the FPE programme. Nevertheless, the public remained outraged by the absence of a neutral enquiry into the education budget. The Prime Minister Raila Odinga, in an attempt to build his political capital for the coming elections, took advantage of this situation to build his political support and began to make public demands for the President to remove the Minister of Education and his Education Secretary to pave the way for independent investigations. If this was not done, the Prime Minister said, he would ask the government Efficiency Monitoring Unit to conduct an independent investigation.[8] After weeks of national debate, the President suspended the Education Secretary for three months while he was being investigated by KACC.[9] However, the Minister of Education remained in his post, as he was an ethnic ally for the President for the coming elections. However, the public reacted badly after it became clear that the Minister was modifying the education budget to benefit his constituency.

Calls for the Minister's resignation increased after newspapers reproduced a speech given during a political rally in his home district where the Minister admitted to altering the primary-education budget for school infrastructure.[10] The Minister's speech brought to light how politicians reward their ethnic constituencies by channelling a bigger share of state resources to them. The Minister's speech was widely criticized by Kenyans but despite public disapproval, the Minister of Education remained defiant. He ignored his role in manipulating the budget and accused Prime Minister Raila Odinga of a political plot to discredit him. The confrontation between the Prime Minister and the Minister of Education had an important political sub-text. The Minister had been included in the cabinet after his constituency voted for President Kibaki during the contested 2007 elections. As part of the new cabinet, the Minister was able to act with impunity and reap benefits for himself and his constituency from state resources. At the same time, the stand-off showed how powerless the Prime Minister's position was, as he could do nothing to defend the interests of his own constituency. [11]

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[8] Located within the Prime Minister's Office, the Efficiency Monitoring Unit is responsible of investigating scandals and making recommendations.

[9] The Education Secretary was suspended for three months to allow for investigations. In June 2010, the PS of Education was reinstated in his post by President Kibaki although the investigation had not concluded.

[10] Kisii, one of the 42 ethnic groups in Kenya, is comprised within a district located within the Nyanza province. This is the home area of the Minister of Education.

[11] Raila Odinga is the political representative of the Luo group, also located in Nyanza province and bordering the Kisii group.

On 12 February 2010, the Prime Minister, in an effort to recover his credibility, publicly suspended the Minister of Education from his post over the loss of FPE money. The suspension was based on a report from the Internal Auditor General that laid credible foundations for the Minister to be investigated. Nevertheless, the Minister defied the Prime Minister's order and continued working. A week later, the President officially revoked the decision taken by arguing that the Prime Minister had not consulted him and the suspension was therefore unconstitutional.[12] The President thus showed Kenyans not only that he retained control over government decisions but that he approved an ethnically-biased allocation of the education resources. It also suggested the possibility that the President, as well as his constituency, might have also benefited from more resources.[13] The battle that ensued between the President and the Prime Minister shifted the focus of the FPE corruption scandal into an ethnic contest, where political alliances among ethnic groups mattered more than the accountability of resources. Although the political debate was not interested in establishing the extent to which education funds had been diverted, it did portray ethnicity-biased redistribution as one of the key motivations for the functioning of the government bureaucracy.

The contest among a variety of actors belonging to the Kenyan state did not interest donors, who continued to blame the Kenyan government for the misappropriation of FPE resources. Donors announced the termination of funding to the sector without further reflection of a possible link between corruption, ethnic-based redistribution and the increasing amounts of aid disbursed due to donors' notions of "success" in the FPE reform. In March 2010 DFID re-directed aid – worth US$ 14.7 million – outside of the government system, saying that this would not change until the risks of fraud were reduced. Thus, by looking at both technical and politicized sides of a public-policy innovation, the paper aimed to highlight the close link between corruption and aid. The paper also showed that little has changed in the last 20 years, and as Ferguson noted in 1990 in Lesotho, through technical reforms donors continue to expand state power by not realizing that their actions are highly politicized. Once the unexpected effects come to light, donors react by concluding that more aid is needed.

7. Conclusion

This paper presented two sides of a public-policy innovation as parts of the same political process. On the one hand, donors took control of the sector and allocated high amounts of aid while qualifying the reform as a success story for several years. This was a significant departure for the education sector, which, after the structural adjustment policies of the mid-1980s, had received little budget support for almost fifteen years. Importantly, this aid was disbursed with limited monitoring as it followed the new aid architecture agreements. On the other hand, the notion of success was far from true as a cartel of senior government officers – very likely working for

[12] The National Accord signed between the President and the Prime Minister states that the removal of any minister nominated by a Parliamentary party of the Coalition shall be made only after prior consultation and concurrence in writing of the leader of that party. This provision was made to ensure stability of the Coalition government because both the President and the Prime Minister must agree on firing a Minister.

[13] The President is the national representative of the Kikuyu ethnic group.

the President – were able to extract rents because of their asymmetric access to information (knowing how much schools were to receive and when) as well as through their access to the same technology that had simplified resource transfers to schools. Once corruption became public, a political contest showed the ethnically-biased redistribution of resources as one of the reasons for corruption. Thus, these two tacit motivations – aid increases and ethnic politics – drove the policy process. This, however, is not to imply that donors wanted to induce corruption. What it means is that by ignoring the political dynamics of Kenya and providing the label of "success" without adequate monitoring, aid became an instrumental role that reinforced state power (Ferguson 1990, 254-255). In other words, donors' actions to reduce poverty in reality reinforced an existing political system. As a result, aid linked to the education SWAp played two roles: some of it was used as a free resource to finance the patronage networks of the Kibaki government, while at the same time some funds were used to partially fulfil the goals of financing textbooks and school infrastructure.

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Appendix: **List of interviews**

Date	Ministry	Position
27/08/2008	MoE	Director of Policy and Planning
15/09/2008	MoE	Director of Policy and Planning
29/10/2008	MoE	INSET officer/ DFID Consultant
31/10/2008	MoE	Director QAS
31/10/2008	MoE	Director Basic Education
31/10/2008	KIE	Seconded in KIE Employed by Policy and Planning Director
24/11/2008	MoE	DFID Consultant Former INSET officer
13/02/2009	DFID	International Education consultant
06/06/2009	DFID	International Education consultant
14/08/2009	MoE	Retired Director of Education (1997-2000)
21/08/2009	TSC	Secretary
26/08/2009	TSC	Quality Assurance and Standards
02/09/2009	MoE	Director of Education (1997-2000)
04/09/2009	MoE	Director of Education (1997-2000)
30/03/2010	World Bank	Education Specialist
23/06/2009	Ministry of Planning	Government officer, worked on ERS
03/12/2009	GoK	Advisor to the GoK on International Development Partnerships

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