

Abstract.

The impact of basic education on human development is so obvious as to be self-evident. However, the specific impact of primary education on the human development of an individual child can vary enormously depending upon the quality of education offered, the condition of that child to receive what is being offered and the opportunities for children to then apply what they know.

This study analyzes the impact of Community Education Fund program on primary school participation in Tanzania. Specifically we look at the investments CEF made in education, addressing the main question of school enrolment of young children.

Using 5% sample from Tanzania census for 1988 and 2002, programs fund from ministry of Education and districts expenditure of 1988 and 2002 from Ministry of Finance, this study estimates the effect of spending in education and on human capital development. The coefficient CEF_Fund shows that one unit (a million shillings) increase of the fund per number of the children would increase the probability of school enrolment by 0.024% for children aged 7-13 years old and this is significant at 1 percent. When decomposed by gender the findings also reveal that this effect is larger on girls than boys. Also our results show that the programs have higher impact on poor districts than on non poor districts. The implication of these findings is that increases in public fund to education contribute to improved/desirable human capital development in Tanzania. Therefore, government should increase its funding to education if the goals of national education policy must be realized within a reasonable time period according to the country's medium term plans.