

Budget Brief

Preliminary Analysis of Education Sector Expenditure Allocation for 2013

March 2013

KEY MESSAGES

- Overall, the education allocation increased from GHS 2,871,680,218 in 2012 to GHS 4,412,695,383 in 2013, an increase of 53.7 % over 2012.
- Wages and Salaries remains the dominant expenditure for this sector in the 2013 budget comprising about 72.6% of total expenditure. Assets and Investment declined from 4.3% in 2012 to 3.8% of total education allocation in 2013. This situation could affect infrastructure provisioning and quality outcomes in the sector, particularly public basic schools.
- The budgetary allocation for the Capitation grant increased from GHS 25,368,008 in 2012 to GHS 25,835,396 in 2013. A marginal increase of just GHS 467,388 representing an increase of 1.8 %. The target of 5.7 million pupils in the 2013 budget implies an amount of GHS 4.5 per capita spending which is inadequate compared to the GHS 4.6 per capita spending in 2012.
- The two key social intervention programmes that are supposed to enhance enrolment and learning outcomes at the basic level declined in the 2013 budgetary allocations. Allocation to free exercise books declined from GHS 28,967,500 in 2012 to GHS 28,672,000 in 2013 representing a 1.0% reduction and that of Free School uniforms reduced from GHS 28, 800,00 in 2012 to GHS 28,000,000 in 2013 thus a decline of about 2.8% from that of its 2012 budgetary allocation. This could affect access and quality outcomes in basic education, particularly for the poorest.
- Budgetary allocation for School feeding programme increased dramatically from GHS 60,000,000 in 2012 to GHS 199,000,000 in 2013 representing a 231.7% increase over 2012. As impressive as this hike in allocation may be, the analysis indicates that 72.6% of GoG goes into compensation implying that school feeding depends on the other sources of funding and not on government source. In view of this, it is necessary that reliability of these other sources are monitored to ensure the success of this programme.
- The deprived district policy, which is targeting the 57 deprived districts appears to be targeting planning and monitoring programmes. These indices may be appropriate by themselves but it is necessary that specific programmes for school improvement in these districts are made priority. Example provision of Teaching and Learning Materials, Teacher Motivation and Quality Infrastructure.

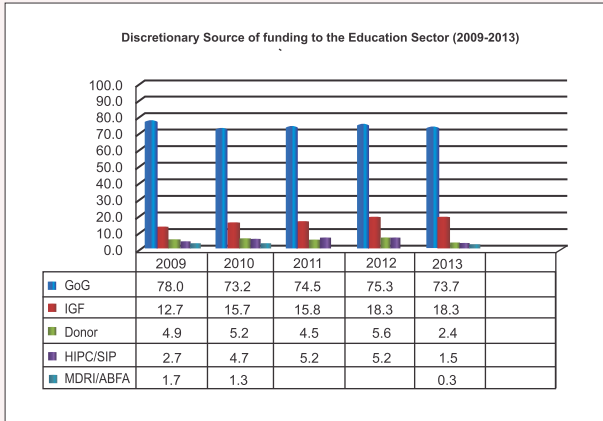


SOURCES OF FUNDING FOR THE EDUCATION SECTOR

Discretionary Sources of Funding

The graph below indicates the lead role that GoG plays in education funding, with a slight reduction in the proportion of funds from 75.3% in 2012 to 73.7% in 2013, as IGF remains same over the last two years. Allocation from Donor sources has reduced from 5.6% in 2012 to 2.4% in 2013.

Figure 1: Trends in Discretionary Source of funding to the Education sector (2009-2013)



Source: Author generated from 2009-2013 budget appendices

Note: HIPC and MDRI were mainly in the 2009 & 2010, whilst SIP was introduced since 2011 with ABFA coming in this year.

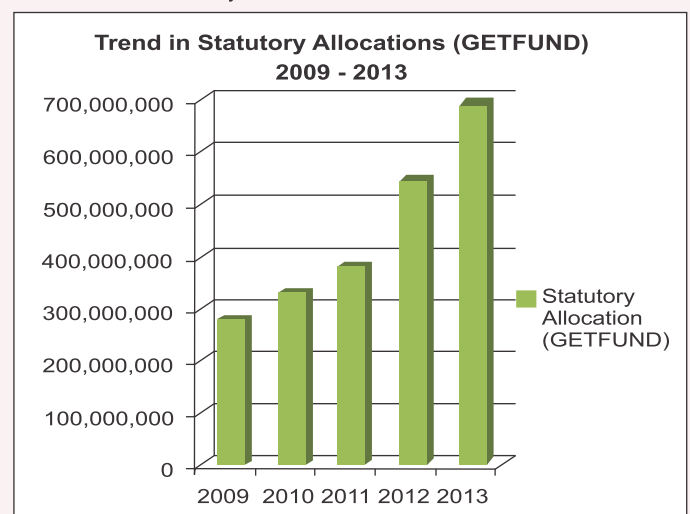
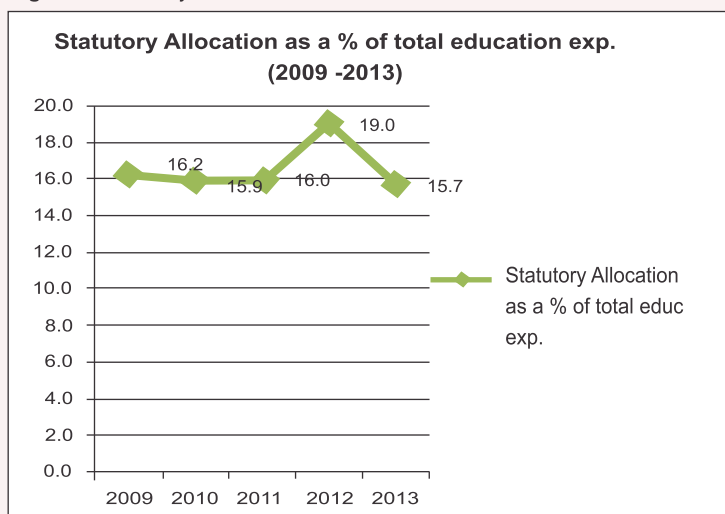
Internally Generated Funds (IGF) remains the second largest source of funds for the education sector accounting for about 18.3% for that of 2013 followed by donor which was 2.4%. The Social Intervention Programme (SIP) contributed about 1.5% to education allocation whilst 0.3% was from Annual Budget Funding Amount (ABFA) mainly from oil revenue. The education sector remained largely dependent on Government funding hence the need for government to inject the required resources to improve quality at all levels.

It is important to note that GoG allocation to the sector continues to decline from its 2009 contribution of 78% to 73.7% in 2013.

Trends in Statutory Sources of Funding to the Education Sector

The statutory source of funding for the education sector which is Ghana Education Trust Fund (GETFUND) has also received some increase. The statutory allocation increased from GHS 545,440,050 in 2012 to GHS 691,457,200 in 2013 gaining a 26.8% increase. The graph below to the right indicates this rise in allocation.

Figure 2: Statutory Allocations as a % of total education allocation and Trends in absolute values of statutory allocations



Source: Author Generated from 2009-2013 Budget Appendices

However the graph to the left also portends that statutory allocation as a percentage of total education expenditure seem to be falling. For 2013, it was 15.7% representing a reduction of 3.3%

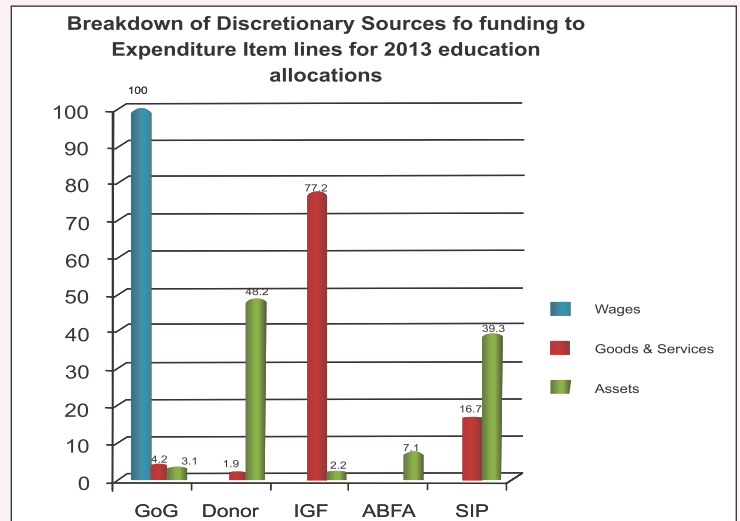
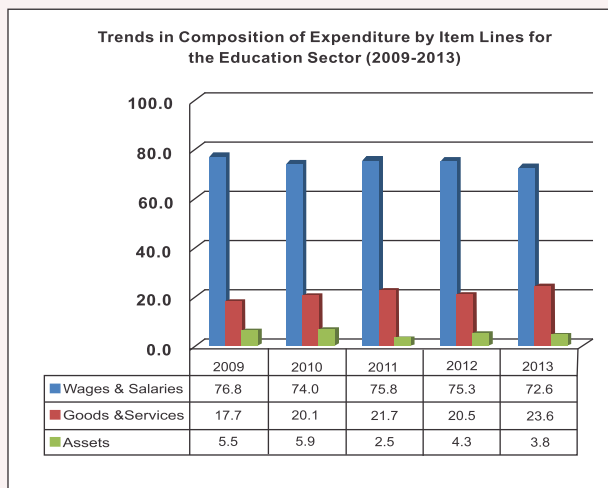
COMPOSITION OF EXPENDITURE BY LINE ITEM

Wages and Salaries remains the dominant expenditure for this sector and are consistently overspent every year compared to the planned budgeted amounts. The 2013 allocation reduces slightly from the 2012 allocation of 75.3% to 72.6% of spending. The allocation for Goods and services shows an improvement of about 3.1% from that of 2012 whilst Assets and Investment which provides infrastructure to the sector has declined in allocation by a 0.5%.

Below are the graphs showing the trends in expenditure item lines for the education sector. The graph to the right gives a breakdown of the sources of funding and the major expenses they are exposed to for 2013.

Government of Ghana (GoG) is the number one provider for wages and salaries providing lesser proportion of resources for assets and goods and services. Internally Generated Funds (IGF) largely funds goods and services, with Donors, SIP and ABFA funding assets.

Figure 3: Trends in Composition of allocation by line items (2009-2013) and breakdown of 2013 discretionary sources to Item lines (2013)

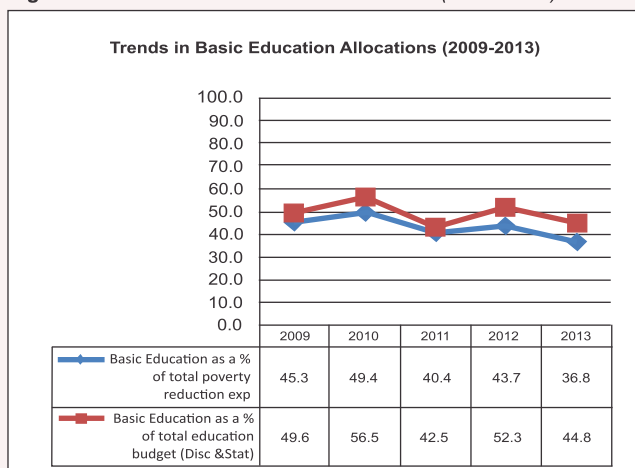


Source: Author Generated from 2009-2013 Budget Appendices

SHARE OF SECTOR EXPENDITURE IN TOTAL POVERTY EXPENDITURE (2009-2013)

The Basic Education allocation increased from GHS 1,500,721,989 in 2012 to GHS 1,975,460,993.97 in 2013, gaining an increase of about 31.6%.

Figure 4: Trends in Basic Education Allocation (2009-2013)



Source: Author Generated from the 2009-2013 Budget Appendices



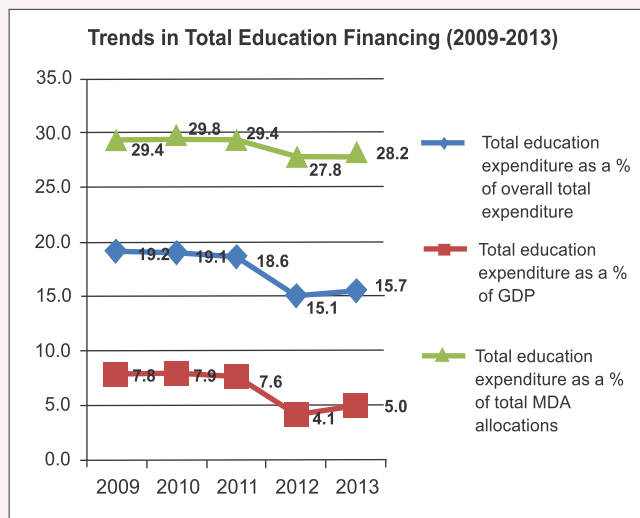
From the above graph, it can be clearly noted that the 2013 basic education spending as a percentage of total poverty reduction expenditure declined by about 6.9 percentage points from that of 2012. In addition, in terms of its percentage in total education allocation (discretionary and statutory), basic education allocation declined by from 52.37 in 2012 to 44.8% in 2013.

¹ Note: In the 2013 budget appendix where 2012 basic education actual was detailed out, there was an over spending of 67.5% for basic education from that of its planned allocation

EDUCATION SECTOR FINANCING

The graph below represents some marginal increases in allocation of the overall budget to the sector compared to 2012. The total education allocation (discretionary & statutory) as a percentage of overall allocations increased from 15.1% in 2012 to 15.7% in 2013, an increase of about 0.6 percentage points. The sector's budget as a percentage of total MDA allocation also increased from 27.8% in 2012 to 28.2% in 2013. The sector's allocation as a percentage of GDP also increased from 4.1% in 2012 to 5.0% in 2013²

Figure 5: Trends in Total Education Financing (2009-2013)



Source: Author Generated from 2009-2013 Budget Appendices

Disbursement by Programmes

- The allocation for the Capitation grant increased from GHS 25,368,008 in 2012 to GHS 25,835,396 in 2013, a gain of about 1.8 %. The target population for 2013 was 5,700,000 and in 2012 was 5,467,808, thus an increase of 4.2% in the target population. Despite this increase in allocation, the per capita has reduced from GHS 4.6 to GHS 4.5.
- Budgetary allocation for School feeding programme increased in budgetary allocation from GHS 60,000,000 in 2012 to GHS 199,000,000 in 2013, representing a substantial 231.7 % increase from that of 2012.
- Budgetary allocation for Free Exercise books declined from GHS 28,967,500 in 2012 to GHS 28,672,000 in 2013 representing a 1.0 % reduction.
- Free School uniforms also suffered a similar setback. It reduced from GHS 28,800,00 in 2012 to GHS 28,000,000 in 2013 thus a decline of about 2.8 % from that of its 2012 budgetary allocation.

GAPS & OPPORTUNITIES

Although the budget for 2013 outlines measures to tackle the geographical disparities in access to education by implementing planning and monitoring activities in 57 deprived districts it fails to provide the total number of beneficiaries that are expected to benefit from the \$ 75.5 million grant provided by the Global partnership for education. The GPE targets approximately 6,600 basic schools and 1.7 million students in the 57 deprived districts.

The 2013 budget outlines plans to bridge the gender gap by providing scholarship packages for girls and take home rations particularly in the northern regions. This development would promote enrolment of girls but their retention still remains a challenge.

RECOMMENDATION

- The spending on the capitation grant for 2013 is still pegged at GHS 4.5 per capita which was GHS 4.6 in 2012. It is therefore recommended that this amount for per capita spending be adjusted upwards to increase learning outcomes in the basic education sector.
- There should also be a greater allocation to basic education from the total education sector budget. As is observed above, the allocation to basic education as a percentage of total education budget has experienced a significant decline.

² Note: MDA allocation basically involves all allocations to Ministries, Departments and Agencies and excludes all other government expenditures eg. Transfers, interest payment etc.