

JUNE, 2013

The Education Sector Budget: Trends in levels of Financing, Composition and Use.

Overview

The education and sports sector is one of the country's key social service delivery sectors. It delivers critical government programmes such as Universal Primary Education (UPE), Universal Post Primary Education and Training (UPPET) as well as sports for enhancing citizens; wellness /health, productivity and the country's image. Currently, Ugandas education sector is characterized by the following sub-sectors; Pre-Primary and Primary Education, Post Primary Education and Training, Business, Technical, Vocational Education and Training (BTVET) Teacher Education and Higher Education.

This brief, gives the trends in levels of the education sector budget financing; composition and utilization.

Key Issues

- Government is committing less funds to the sector than it did six years ago.
- Since 2010/11, disbursements of project grants from donors to the sector, including off budget support have been on a declining trend.
- While the eastern region comes second in poverty prevalence, education per capita expenditure was least for the same region.
- Uganda's expenditure on the education sector as percentage of GDP is the least at 3.3% compared to other countries in the region and the country is yet to attain the UNESCO benchmark of 6%.
- Funding for early childhood development has consistently declined over the past three financial years.

Introduction

The Government of Uganda (GoU) Policy specifies that the state takes care of 90% of the cost of primary education, 60% of academic secondary education, 40% of the BTVET and 50% of the high tertiary education.

In light of this, government has continued to fund and protect the education sector as one of the key five priority sectors. Education plays a vital role in promoting sustainable development through sharpening the population's various skills. It also raises awareness on issues of national importance geared towards the improvement of general standards of living.

Sector financing

The sector is funded by both the Government of Uganda and Development partners.

Government funding to the education sector

The total budget allocation to the sector grew from US\$ 767.09 billion in the FY 2007/08 to US\$ 1,801bn

in FY 2013/14 excluding external funding. (Refer to Figure 1).

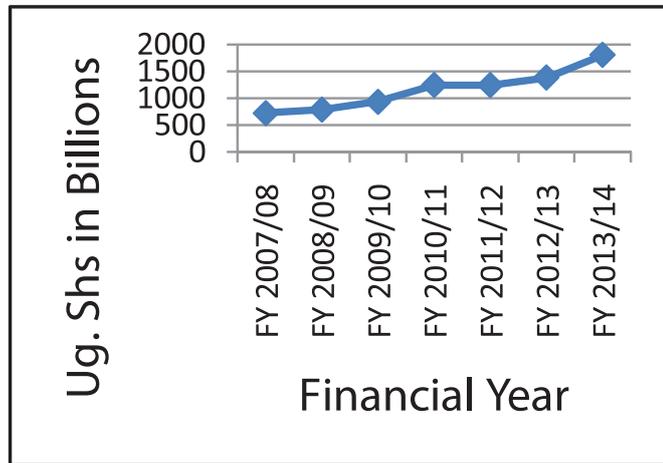
While funding to the sector has been increasing in nominal terms, analysis shows that GoU's contribution to the sector budget as a proportion to the total national budget reduced from 20% in FY 2007/08 to 13.3 % in FY 2013/14. The National Development Plan (NDP) targets on the other hand aim at an average government sector funding share of 17.9% per annum (Refer to Figure 2)¹. This means that government is committing less funds to the sector than it did six years ago thus not meeting the NDP expenditure framework targets.

Statistics show that Uganda spent 3.3% of Gross Domestic Product (GDP) on education in 2012. A regional comparison shows that Rwanda spent 4.8% (2011), Burundi 6.1% (2011), Kenya 6.7% (2010) and South Africa 6.1% (2010) of their respective GDP on

¹ 16.2% (2010/11), 17.2% (2011/12), 18.2% (2012/13), 18.9% (2013/14), 19.1% (2014/15)

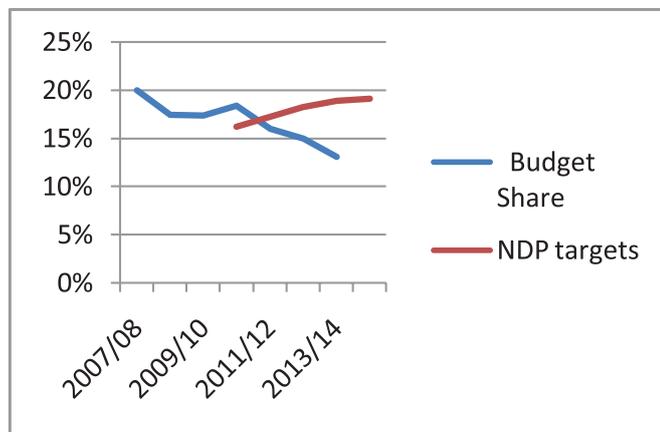
education. This shows that Uganda hitherto spends the least amount on the sector and is yet to attain the UNESCO benchmark of 6%.

Fig. 1: Trends in budget allocations to the sector.



Source: Ministry of Finance

Fig 2: Trends in sector shares as a proportion of the National budget.



Source: Ministry of Finance

Highlights in the 2013/14 Budget:

The education sector budget for FY 2013/14 provides the following:

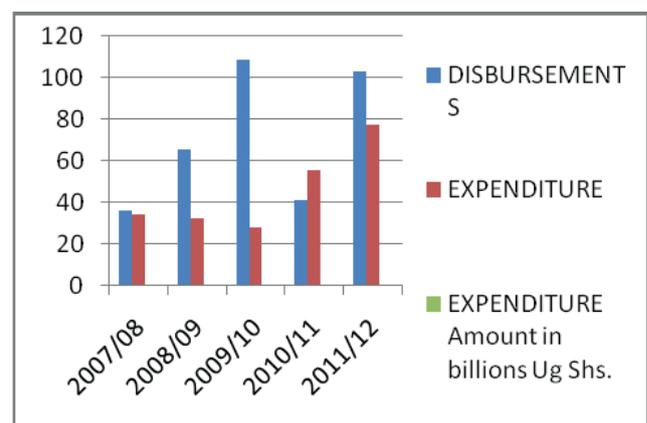
- UShs 1,801 billion representing 13.3% of the total budget was allocated to the education sector.
- The budget for district primary education including School Facility Grant is UShs 716.09 billion.
- Government is to provide incentives for science, mathematics, technical and vocational education, support science and research development and equip schools with science laboratories.

- UShs 5.0 billion was allocated to implement the loan scheme for science, medical and engineering students in higher institutions of learning.
- UShs 5.0 billion was allocated to support teacher SACCOs across the country.
- To further ensure equity, government provided an additional UShs 5.44 billion to construct teachers' houses for 20 non PRDP worst performing local governments in Primary Leaving Exams². Each district will be getting an additional UShs 272 million
- Government provided an additional UShs 4.5 billion to primary schools in 21 districts to which H.E. the President made Pledges³. These funds are for improving school infrastructure in those schools.

(2 External financing to the education sector:

During the period 2006/07 – 2009/10 the education sector ranked fourth overall in receiving donor funding. In the medium term, the sector received 24% of the total project grants. Though between 2007/08 and 2009/10 there was an increase in donor project disbursements to the sector, since 2010/11 the trend has been declining. (Refer to Figure 3).

Fig. 3: Trend of External Financing



Source: Ministry of Finance

² Hoima, Iganga, Kamuli, Kamwenge, Kasese, Kayunga, Kibaale, Kiboga, Kyenjojo, Mubende, Rakai, Isingiro, Kaliro, Mityana, Namutumba, Buikwe, Buyende, Kyegegwa, Luuka and Kyakwanzi

³ Bugiri, Bundibugyo, Bushenyi, Iganga, Kabarole, Kalangala, Kamuli, Kamwenge, Kanungu, Kasese, Katakwi, Lira, Masaka, Mbarara, Pallisa, Rukungiri, Isingiro, Kaliro, Kiruhura, Oyam, Buhweju.

The bulk of these funds went to improvement of education infrastructure.

(2-b) Off budget Project Aid:

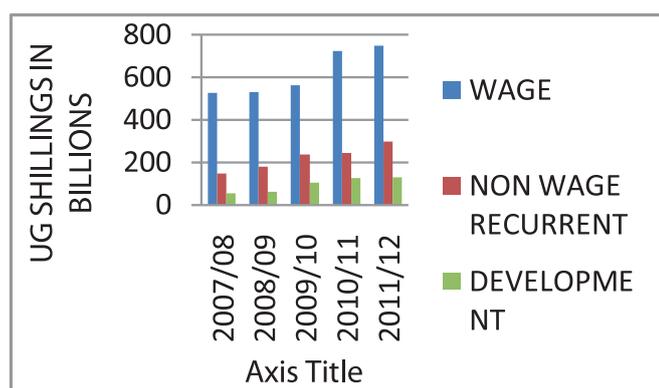
Off-budget project aid to the education sector reduced from US \$ 29.46 million in FY 2009/10 to US \$ 22.27 million in FY 2010/11. That notwithstanding, during FY 2010/11 there were 57 donor projects in the education sector managed outside government systems.

Budget Utilization

Available data shows that since 2007/08, most of the education sector budget was spent on the wage component. Audited financial reports show that the educational wage component grew from Ushs 524.1 billion in FY 2007/08 to Ushs 746.2 billion in FY 2011/12.

Over the same period budget supplementaries that arose resulted from wage requirements. This was followed by the Non wage (e.g. allowances, travel in land and abroad as well as non wage development such as purchase of vehicles, computers etc), which grew from Ushs 145.6 billion in FY 2007/08 to Ushs 297.2 billion in FY 2011/12. Despite its importance, expenditures on the development component grew less than the previous two components from Ushs 53.8 billion in FY 2007/08 to Ushs 126.8 billion in FY 2011/12⁴. This component therefore needs to be allocated more funds, through improved efficiency to meet the critical development needs in the sector .

Fig 4: Trends in Budget utilization in the sector.



Source: MoFPED

Equity considerations in the education sector

This was assessed basing on per capita expenditures, as well as spending on basic education programmes.

(a) Regional per capita expenditures:

Poverty is more prevalent in the North (46.2%) and East (24.3%) compared to the West (21.8%) and Central

(10.7%)⁵ regions. Figures show that for FY 2011/12, per capita expenditures in the education sector was highest in the North at Ushs 1,467 followed by the West at Ushs 1,378. The Central received Ushs 1,342 while the Eastern region received the lowest rate at Ushs 1,306. (Refer to Table 1.)

Table 1: Per capita expenditure by region in the education sector FY 2011/12

Region	Per capita expenditure in education sector	Percentage of the population living in poverty
Eastern	1,306.5	24.3%
Northern	1,467.8	46.2%
Western	1,378	21.8%
Central	1,342.6	10.7%

Source: Ministry of Finance

Analysis therefore shows that while the eastern region comes second in poverty prevalence, per capital expenditure was least for the same region. While the western region was second in terms of per capita expenditure, it was third in poverty prevalence. This means that it received more money than the poorer eastern region. For greater equity therefore more funds should be spent in poorer regions such as the North and the East.

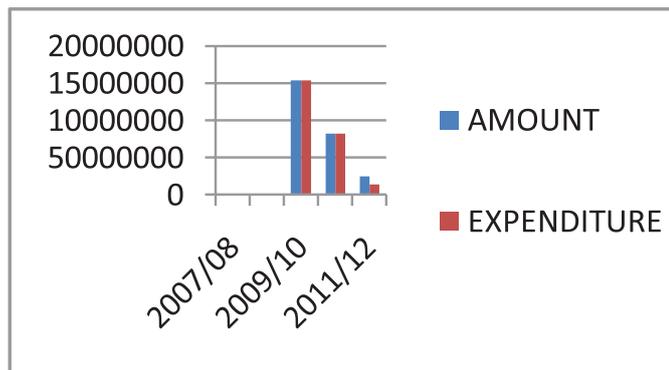
(b) Expenditures on Early Childhood Development:

Government is developing the pre-primary sub sector since further learning significantly depends on Early Childhood Development (ECD) education. For instance ECD curriculum, teacher/caretaker programs have been developed. There is also the Child Friendly Basic Education Project that handles aspects of early childhood development. This project started in 2007 and has been key in promoting professionalism of players at pre-primary level. However, over the last three financial years, funding to the project has reduced from Ushs 153 billion in FY 2009/10 to Ushs 24.7 billion in FY 2011/12 which is insufficient, refer to Figure 5.

⁴ Expenditures for FY 2012/13 were not yet audited.

⁵ Uganda Bureau of Statistics: Statistical Abstract; 2012

Fig.5: Releases and Expenditure of ECD project



Source: MoFPED

(c) Expenditures on Universal Primary Education (UPE):

Every year, government provides financing to all local government votes to meet their education budgetary requirements particularly the implementation of the UPE. Expenditures on UPE increased from Ushs 388.8 billion in FY 2007/08 to Ushs 603.7 billion in FY 2011/12, and reduced slightly to Ushs 514 billion in FY 2012/13. These expenditures covered the wage component for all teachers working in Government-aided schools, the School Capitation Grant (under non wage recurrent) at a rate of Ushs 7,000/= per pupil per year for all pupils enrolled in Government-aided schools and the domestic development. However, the rate of capitation is insufficient and the unit cost for the school infrastructure is said not to adequately cater for regional disparities.

Since FY 2009/10 districts in northern Uganda that were affected by insurgency received an additional resource under Peace Recovery and Development Programme (PRDP). This funding was used to construct additional school infrastructure. During FY 2012/13, government provided a total of Ushs 17,151,439,646 to cover both the School Facility Grant and PRDP activities.

Conclusions

Over the last five years, government's funding to the sector increased in nominal terms though it declined in real terms.

Secondly, the grants and off-budget project aid to the sector also experienced a down ward trend. This is a priority sector that still requires more funding in order to achieve the national sector objectives.

Policy Recommendations

- Government should raise the proportion of the education sector budget as a share of the national budget in real terms in order to meet the critical sector priorities.
- Government should increase the rate of the School Capitation Grant per pupil.
- The MoES should allocate more funds to the development component to address the critical development needs of the sector and also revise the unit cost for the different school infrastructure to cater for regional disparities.
- For equitable resource allocation in the education sector more funds should be spent in poorer regions such as the north and the east.
- MoES should increase funding to the Early Childhood Development programmes for a good foundation.

References:

MoES 2012, MPS FY 2012/13", Kampala, Uganda
MoFPED, MDG for Uganda 2010; Sept 2010

MoFPED, Report on Loans, Grants and Guarantees for FY 2009/10, Kampala, Uganda

MoFPED, Report on Loans, Grants and Guarantees for FY 2010/11 Kampala, Uganda

MoFPED, Report on Loans, Grants and Guarantees for FY2011/12 Kampala, Uganda

NDP (2010/11 – 2014/15), Kampala, Uganda, April 2010.

Summary of Project Support managed outside Government systems for FY 2010/11; June 2012

The MDG Report 2012, UN, New York 2012

UBoS, Statistical Abstract 2010

**Budget Monitoring and
Accountability Unit (BMAU)**
Ministry of Finance, Planning and
Economic Development
P.O. Box 8147 Kampala
Telephone: 0414 707202
www.finance.go.ug