EDUCATION FINANCING TRACKER (2017-2024)

AUGUST 2024

This report was developed by Africa Education Watch with support from OXFAM actionaid

ABOUT AFRICA EDUCATION WATCH

Africa Education Watch is an Education Policy Research and Advocacy organization working with Civil Society Organizations, Government, and Private Sector to promote an equitable, accountable and responsive education system that assures quality and equal opportunities for all. Working with partners in Ghana, Sierra Leone, Liberia, Kenya and Nigeria, we envision a continent with globally competitive human capital that drives economic and social development.

August, 2024

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ACKNOWLEDGEMENTS

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LIST OF ACRONYMS

ABFA	Annual Budget Funding Amount
BECE	Basic Education Certificate Examination
CAPEX	Capital Expenditure
ECF	Extended Credit Facility
Eduwatch	Africa Education Watch
fCUBE	free Compulsory Universal Basic Education
free SHS	free Senior High School
GDP	Gross Domestic Product
GES	Ghana Education Service
GETFund	Ghana Education Trust Fund
GoG	Government of Ghana
GPE	Global Partnership for Education
GSFP	Ghana School Feeding Programme
IGF	Internally Generated Funds
IMF	International Monetary Fund
JHS	Junior High School
KG	Kindergarten
LI	Legislative Instrument
MoE	Ministry of Education
PC-PEG	Post Covid-19 Programme for Economic Growth
SDGs	Sustainable Development Goals
TLMs	Teaching and Learning Materials
TVET	Technical and Vocational Education and Training
TVIs	Technical and Vocational Institutes
UNESCO	United Nations Education Scientific and Cultural Organisation
WAEC	West African Examinations Council

INTRODUCTION

Any country's economic growth depends on its manpower development resulting from its investment in education. It equips individuals with knowledge, skills, and values that enable them to contribute to the socio-economic growth of their country.

This makes education an essential ingredient for the development and progress of nations. According to the current United Nation's Secretary-General, education is the single most important investment that any country can make for its future and its people. Countries who have made this investment in their manpower have developed through science and innovation.

It is in recognition of the importance of education that Ghana, under the governance of the Akufo-Addo administration, made education one of its major priorities when it assumed political leadership in 2017.

Anchored on the Education Strategic Plan (2018-2030), Ghana has been implementing programmes such as the free Compulsory Universal Basic Education (fCUBE) at the basic level, and the free Senior High School (free SHS) and Technical and Vocational Education and Training (TVET) programmes at the secondary level, leading to significant increased access to and participation in education at the pre-tertiary levels.

After eight (8) years, the tenure of the Akufo-Addo administration comes to an end, with Ghanaians heading to the polls to elect a new government in December 2024. Ahead of the elections, civil society is taking stock of the financial investments made in the education sector for the purpose of accountability and lessons for adequate, equitable and efficient spending.

This Education Financing Tracker assesses education budgeting and expenditure performance under the Akufo-Addo administration from 2017 to 2024. It highlights key priorities, dimensions, trends, gaps, challenges and implications for achieving education Sustainable Development Goals (SDGs) in Ghana, especially in basic education and TVET.

The Tracker also makes some recommendations to ensure equitable education spending by the next government.

EDUCATION BUDGET ALLOCATIONS

International Commitments

International benchmarks for education financing serve as guidelines to ensure that countries allocate the necessary resources to provide quality education for all. While specific benchmarks may vary, some general guidelines include the following targets to governments:

1. United Nations Education Scientific and Cultural Organisation (UNESCO): Allocates 4-6 per cent of Gross Domestic Product (GDP) or 15-20 per cent of total government expenditure to education.

2. The Global Partnership for Education (GPE): Allocates at least 20 per cent of national budget to education.

Education Funding Mechanism

In line with international conventions and best practices, domestic financing, which is seen as the most significant and sustainable source of education financing, contributed 96.0 per cent of the sector's budget over the 2017-2024 financial years, with the remaining 4.0 per cent coming from external sources. Domestic financing sources comprised the Central Government allocation, otherwise referred to as the Government of Ghana (GoG) contribution, the Annual Budget Funding Amount (ABFA), the Ghana Education Trust Fund (GETFund), and Internally Generated Funds (IGF).

Central Government Allocations

The GoG allocation was mainly committed towards the payment of salaries and other emoluments to teachers and other educational workers, accounting for an average of 67.7 per cent of the total budget for 2017-2024.

Annual Budget Funding Amount

The ABFA, education's share of petroleum revenues, contributed 6.7 per cent of the sector's budget for 2017-2024, with direct focus on financing the free SHS programme and building Science, Technology, Engineering and Mathematics Centres.

Ghana Education Trust Fund

The GETFund, funded through a 2.5 per cent levy on Value Added Tax, supports the provision of critical infrastructure projects and educational materials at all levels, as well as scholarships, to enhance the quality of education in Ghana. Contributions from GETFund to the education budget have seen a steady increase from 8.7 per cent in 2017 to 12.7 per cent in 2024.

Internally Generated Funds

The contribution of IGF to education financing over the years has seen an increase from 7.2 per cent in 2017 to 10.2 per cent in 2024. It has contributed a cumulative share of 11.5 per cent to the education budget over the 2017-2024 financial period, making it the second highest funding source for education after GoG.

Donor Funding

The share of donor funding or Development Partners' support to the education budget has been declining over the period under review. It fell from 3.5 per cent in 2017 to 2.4 per cent in 2024, with a cumulative share of 4 per cent over the same period.

The aforementioned funding mechanisms work in synergy to ensure sustainable financing for education in Ghana. By diversifying funding sources and leveraging both domestic and external resources, Ghana aims to improve access, equity, and quality in its education system. It underscores the country's commitment to investing in education as a key driver of national development, human capital formation, and socio-economic progress.

Progress in attaining global education financing benchmarks

Between 2017 and 2024, the average education sector share of GDP has been 3.92 per cent, with the highest recorded in 2020 (4.63%) and the lowest in 2023 (3.09%). Over the same period, the average sector share of the national budget was 16.9 per cent with the highest (20.76%) and lowest (12.97%) recorded in 2019 and 2023 respectively, as shown in Table 1 and Figure 1. An analysis of the attainment of education financing benchmarks is made in the expenditure section of this report (Table 3).

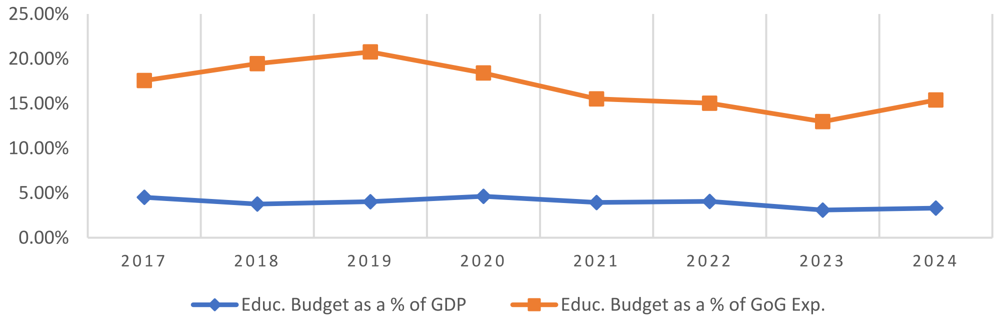
Table 1 shows the trend of the total education budget from the various funding sources as a percentage of nominal GDP and as a percentage of total government expenditure from 2017 to 2024.

Table 1: Trend in Education Budget Allocation (GHC millions) - 2017-2024

Source	2017	2018	2019	2020	2021	2022	2023	2024
GoG	7,146.50	7,977.37	10,303.32	11,797.71	11,855.26	13,407.68	15,098.66	22,852.37
ABFA	211.72	465.91	720.07	1,314.56	776.18	993.85	2,987.59	2,400.90
GETFund	790.22	924.80	1,206.76	2,009.32	1,442.80	2,600.80	1,869.56	4,299.91
Donor	318.42	326.05	299.45	911.29	925.43	551.26	1,706.40	827.68
IGF	653.46	1,627.37	1,555.20	1,706.88	2,074.77	2,834.04	3,109.95	3,433.25
Total Education Budget	**9,120.32**	**11,321.51**	**14,084.81**	**17,739.76**	**17,074.43**	**20,387.62**	**24,772.16**	**33,814.10**
Nominal GDP	202,010.00	300,596.10	349,480.41	383,304.85	433,685.66	502,429.68	800,920.53	1,020,179.91
Total Government Expenditure	51,939.20	58,196.96	67,856.11	96,400.43	110,050.23	135,629.03	190,996.54	219,749.25
Educ. Budget as a % of GDP	4.51%	3.77%	4.03%	4.63%	3.94%	4.06%	3.09%	3.31%
Educ. Budget as a % of GoG Exp.	17.56%	19.45%	20.76%	18.40%	15.52%	15.03%	12.97%	15.39%

Source: Ministry of Finance Budget Statements and Economic Policy (2017-2024)

Figure 1: Education Budget as a Percentage of GDP and Government Expenditure - 2017-2024



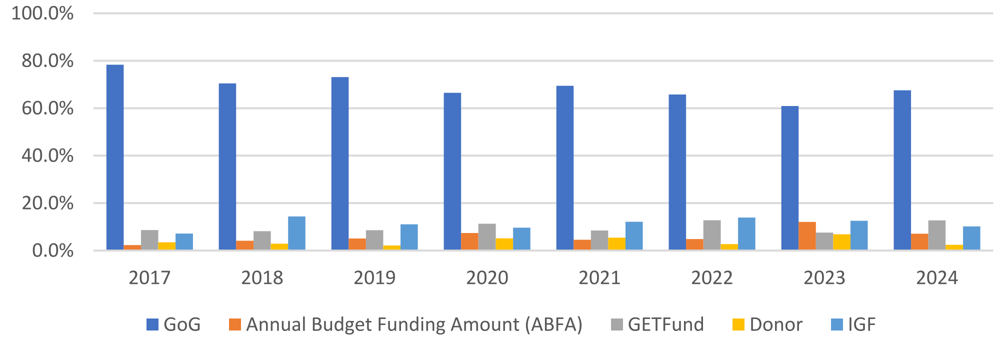
Source: Ministry of Finance Budget Statements and Economic Policy (2017-2024)

Table 2: Trend in Education Budget Allocation by source (%) - 2017-2024

Source	2017	2018	2019	2020	2021	2022	2023	2024	TOTAL
GoG	78.4%	70.5%	73.2%	66.5%	69.4%	65.8%	61.0%	67.6%	67.7%
Annual Budget Funding Amount (ABFA)	2.3%	4.1%	5.1%	7.4%	4.5%	4.9%	12.1%	7.1%	6.7%
GETFund	8.7%	8.2%	8.6%	11.3%	8.5%	12.8%	7.5%	12.7%	10.2%
Donor	3.5%	2.9%	2.1%	5.1%	5.4%	2.7%	6.9%	2.4%	4.0%
IGF	7.2%	14.4%	11.0%	9.6%	12.2%	13.9%	12.6%	10.2%	11.5%
Total Education Budget	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100.0%**

Source: Author's Computation from the Ministry of Finance's Annual Budget Statements

Figure 2: Share of Education Budget by Funding Sources - 2017-2024



Source: Author's Computation from the Ministry of Finance's Annual Budget Statements

EDUCATION EXPENDITURE

Ghana, being a signatory to several international commitments on government's spending on education, has strived over the years to align education expenditure with these international benchmarks.

Total education expenditure in nominal terms has seen a substantial increase over the years. Expenditure from all funding sources increased from GHC 11.0 billion in 2017 to GHC 25.0 billion in 2022, representing an increase of 127.6 per cent over the period[1].

The average education expenditure as a percentage of nominal GDP between 2017 and 2022 was 4.62 per cent and 19.31 per cent as a share of government expenditure, both within the international benchmarks of 4-6% and 15-20 per cent, respectively.

The government contributed the largest share of the sector's expenditure over the period, with a cumulative share of 86.7% from GoG (74.0%), GETFund (8.7%), ABFA (3.7%) and DACF (0.2%). This was followed by Internally Generated Funds (IGF) with 11.3% and Development Partner support with 2.1 per cent.

Table 3 shows the trend in actual education expenditure by funding source between the 2017 and 2022 financial years, and the attainment of education financing benchmarks.

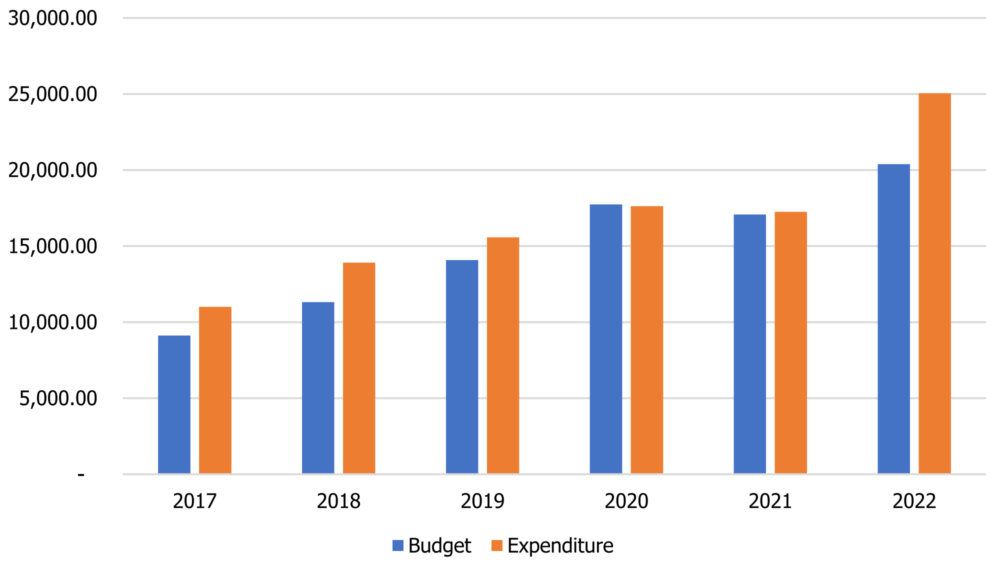
Table 3: Trend in Actual Education Expenditure by Funding Source (GHC millions) - 2017-2022

Source	2017	2018	2019	2020	2021	2022	Total	% Share
GoG	8,260.82	9,605.56	11,427.11	13,040.93	13,259.16	18,764.02	74,358	74.04%
Annual Budget Funding Amount (ABFA)	211.72	455.91	720.07	671.49	771.18	862.75	3,693	3.68%
GETFund	549.34	869.40	1,086.04	2,038.48	1,526.94	2,694.70	8,765	8.73%
DACF	1.64	56.30	115.46	27.12	0.00	0.00	201	0.20%
Donor	136.92	278.02	145.36	704.54	410.76	384.37	2,060	2.05%
IGF	1,844.77	2,647.40	2,082.86	1,145.68	1,288.01	2,340.82	11,350	11.30%
Total Education Budget	**11,005**	**13,913**	**15,577**	**17,628**	**17,256**	**25,047**	**100,426**	**100%**
Nominal GDP	205,913.97	298,699.48	349,480.41	383,486.09	459,130.92	610,222.29	2,306,933	
Total Government Expenditure	51,985.95	58,196.96	67,856.11	96,410.21	109,275.89	146,370.74	530,096	
Educ. Budget as a % of GDP	5.34%	4.66%	4.46%	4.60%	3.76%	4.10%	4.35%	
Educ. Budget as a % of GoG Exp.	21.17%	23.91%	22.96%	18.28%	15.79%	17.11%	18.94%	

Source: Author's computation from MoE data.

[1]Expenditure data is only available for the period 2017-2022.

Figure 3: Budget Allocation Vs Actual Expenditure from All Funding Sources - 2017-2022



Source: Author's computation from MoE data

Expenditure by Level of Education

The education budget is typically allocated across various levels to ensure equitable distribution of resources and cater for the specific needs of each educational sector. A significant portion of the sector's expenditure from all funding sources over the years has been spent on Basic Education, which includes Kindergarten (KG), primary, and Junior High School (JHS).

The Basic Education budget is dominated (between 90-95%) by teacher salaries and related expenditure, due to the labour-intensive nature arising from over 6 million school pupils attending 14,535 KGs, 15,368 primary and 11,735 JHS. As a result, Africa Education Watch (Eduwatch) prescribes a 50 per cent allocation of the budget to Basic Education, in order to free at least 10 per cent of the budget for infrastructure and 5 per cent for teaching and learning resources, management and supervision.

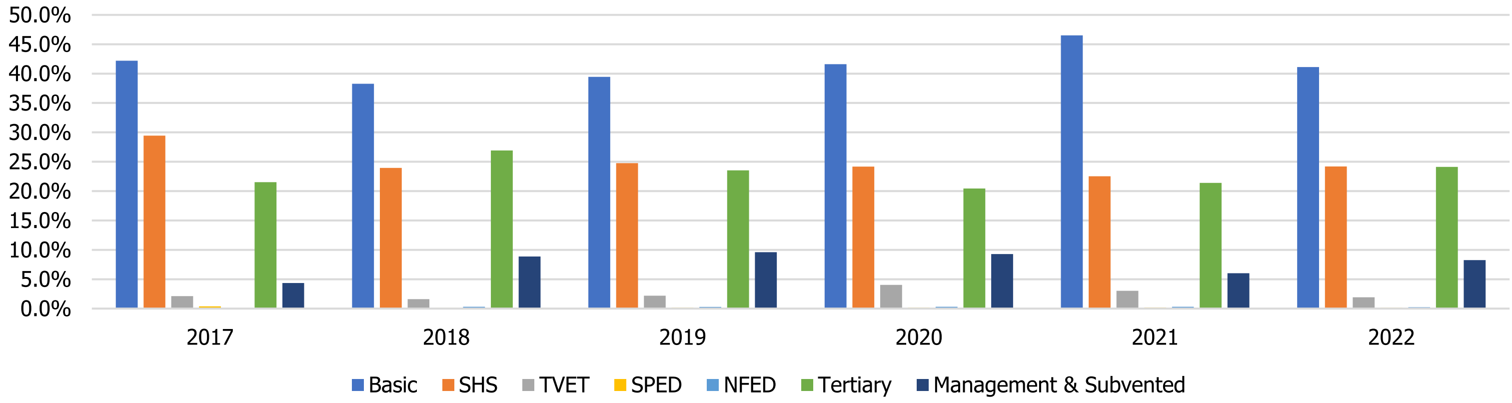
Between 2017 and 2022, the Basic Education sub-sector received a cumulative share of 41.6 per cent of the sector's budget. This was followed by secondary education (24.5%) which has 1.4 million beneficiaries, and tertiary education (23.0%) with about 711,695 beneficiaries. Table 4 and Figure 4 shows the trend and share of education actual expenditure from all funding sources disaggregated by level of education.

Table 4: Trend in the Share of Education Expenditure by Level of Education (GHC millions) - 2017-2022

Level	2017	% Share	2018	% Share	2019	% Share	2020	% Share	2021	% Share	2022	% Share
Basic	4,644.66	42.2%	5,324.46	38.3%	6,145.00	39.4%	7,336.43	41.6%	8,027.84	46.5%	10,300.69	41.1%
SHS	3,239.57	29.4%	3,332.17	24.0%	3,856.28	24.8%	4,260.60	24.2%	3,888.46	22.5%	6,059.18	24.2%
TVET	232.18	2.1%	223.21	1.6%	343.20	2.2%	709.24	4.0%	521.72	3.0%	482.15	1.9%
SPED	40.83	0.4%	13.92	0.1%	25.01	0.2%	28.50	0.2%	33.74	0.2%	34.75	0.1%
NFED	1.19	0.0%	42.28	0.3%	44.93	0.3%	53.08	0.3%	52.53	0.3%	59.59	0.2%
Tertiary	2,367.39	21.5%	3,744.32	26.9%	3,666.13	23.5%	3,601.91	20.4%	3,693.37	21.4%	6,041.85	24.1%
Management & Subvented	479.39	4.4%	1,232.21	8.9%	1,496.37	9.6%	1,638.49	9.3%	1,038.38	6.0%	2,068.45	8.3%
Total	**11,005.21**	**100%**	**13,912.59**	**100%**	**15,576.91**	**100%**	**17,628.25**	**100%**	**17,256.05**	**100%**	**25,046.65**	**100%**

Source: Author's computation from MoE data.

Figure 4: Share of Education Expenditure by Level of Education - 2017-2022



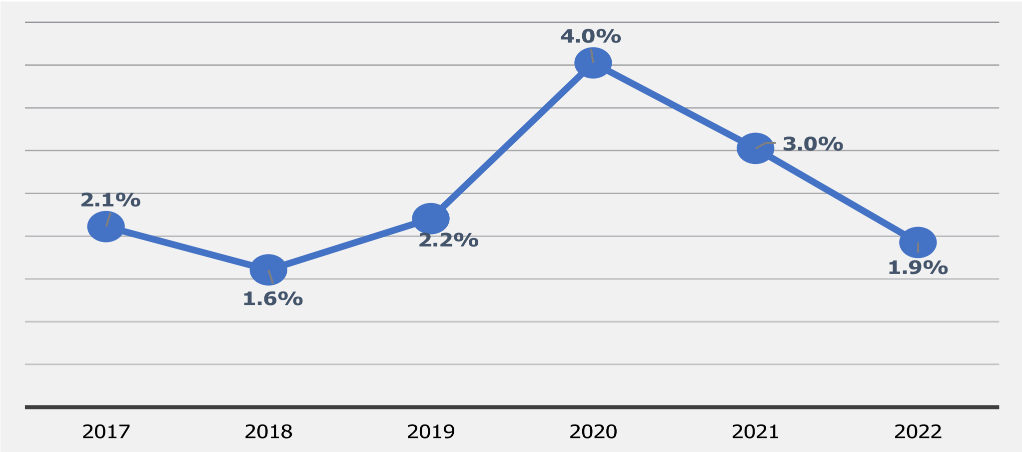
Source: Author's computation from MoE data

Technical and Vocational Education and Training

The government's free TVET programme has increased TVET's share of the secondary school enrolment from 5 per cent in 2021 to 9 per cent by 2023[2]. Despite the evident government effort to improve TVET delivery, the sector is still underfunded compared to general education. According to the Ministry of Education (MoE)'s Medium-Term Expenditure Framework (2023 – 2026), only 17.4 per cent of the total Second Cycle Education budget (GHC 2,242,641,743) in 2023 was for TVET, with the 2024 estimate being even lower (16.9%)[3].

Specific to expenditure, as shown in Figure 5, between 2017 and 2022, the average TVET share of the education expenditure stood at 2.4 per cent, with a high of 4 per cent in 2020 and the lowest (1.6%) recorded in 2018[4].

Figure 5: Trend in TVET's share of the education expenditure (2017-2022)



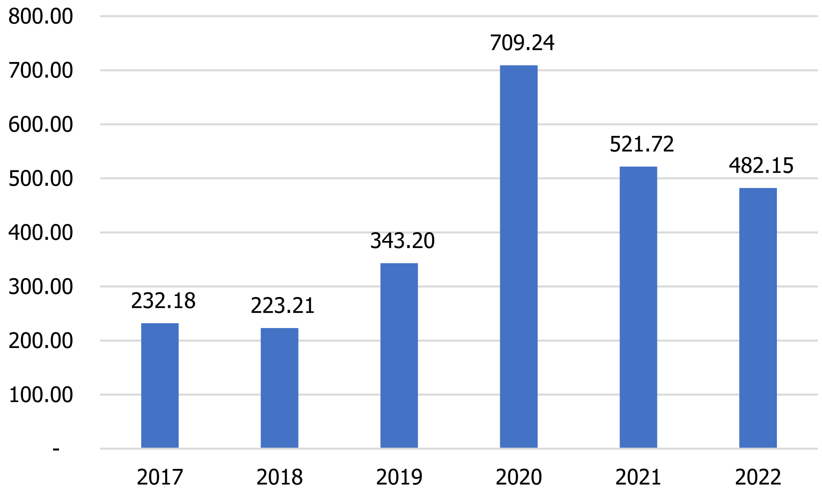
Source: Author's computation from MoE data

It is further observed that, TVET's share of the education expenditure assumed a declining trend since it peaked at 4% in 2020. This was worsened by the high inflation rates recorded since 2021; reducing the real value of TVET budget and constricting expenditure. As shown in Figure 6, TVET expenditure dropped from GHC 709 million in 2020 to GHC 521 million in 2021 and further to GHC 482 million in 2022. While Ghana has been experiencing an economic downturn since 2021, the fact that over the same period, the education sector expenditure increased from GHC 17 billion to GHC 25 billion raises questions about consistency in financing the TVET agenda.

[2]Ministry of Education, (2023). 2024-2027 Budget Overview to Parliamentary Select Committee on Education
[3]Ministry of Education, (2023). Medium Term Expenditure Framework 2023 - 2026
[4]Ministry of Education, (2017-2022). Education Sector Performance Reports.

This is worrying, considering the infrastructure, facilities, and teaching resources gap in the sub-sector.

Figure 6: TVET's share of the education expenditure (2017-2022)



Source: Author's computation from MoE data

Government is constructing 32 modern TVET institutions, and upgrading/retooling about 50 Technical and Vocational Institutions (TVIs) across the country[5]. Regardless, the 2023 Ghana TVET report indicates that, of the 231 TVIs surveyed, majority (51%) had only 1 – 6 classrooms, with 25 per cent having classrooms that were not conducive for teaching and learning.

In addition, many TVIs did not have laboratories/workshops within the institutions, requiring 27 per cent of learners and instructors to fall on facilities in nearby institutions. This represents a deterioration in access to in-house laboratories/workshops from 2021's 19 per cent, emphasizing the need to increase investment in TVET infrastructure and facilities to attract more learners and enhance their employability.

Of equal relevance is the inadequate financing of TVET practical work in TVIs. Under free TVET, the government pays GHC 45 per student for practical work in an academic year, an amount that is woefully inadequate, compared to the cost incurred by fee paying students and TVIs prior to the free TVET. In addition to the inadequacy, the delays in releasing funds for practical work has a negative impact on the quality of instruction in TVIs.

[5]Ghana TVET Report; Second Edition 2023.

Expenditure by Economic Classification

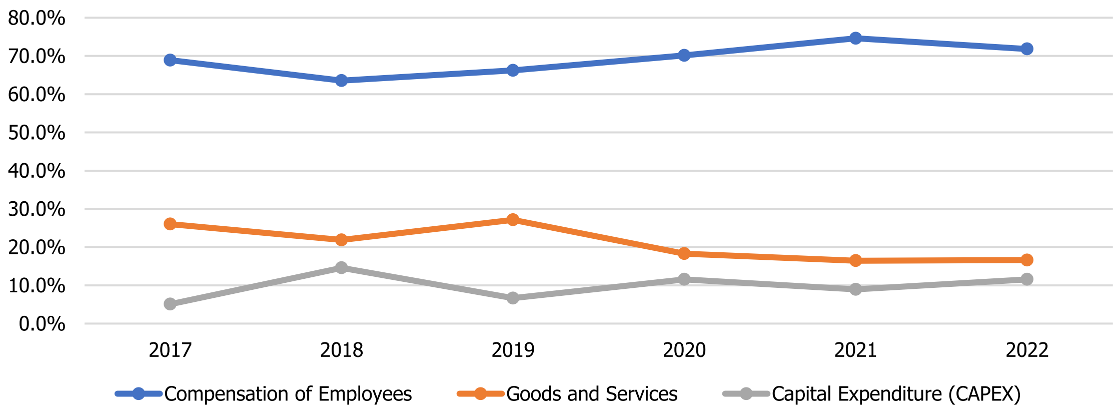
Education expenditure can broadly be classified into three categories: Compensation of Employees, Goods and Services and Capital Expenditure (CAPEX). The expenditure on Compensation of Employees covers all costs related to the payment of salaries, allowances, and other employee benefits. Expenditure on Goods and Services covers the provision of Teaching and Learning Materials (TLMs), implementation of the various Social Intervention Programmes, Management of the various schools and institutions, etc., while CAPEX goes into the provision of educational infrastructure and equipment. Table 5 shows the trend in actual education expenditure by economic classification from 2017 to 2022.

Table 5: Trend in Education Expenditure by Economic Classification (GHC millions) - 2017-2022

Economic Classification	2017	2018	2019	2020	2021	2022	Total	% Share
Compensation of Employees	7,582.64	8,841.81	10,315.26	12,365.49	12,779.91	17,511.15	69,396.25	69.1%
Goods and Services	2,864.11	3,043.21	4,225.72	3,224.19	2,869.16	4,717.45	20,943.84	20.9%
CAPEX	558.46	2,027.56	1,035.93	2,038.57	1,606.98	2,818.06	10,085.56	10.0%
Total	**11,005.21**	**13,912.59**	**15,576.91**	**17,628.25**	**17,256.05**	**25,046.65**	**100,425.66**	**100.0%**

Source: Author's computation from MoE data.

Figure 5: Trend in the share of Education Expenditure by Economic Items (2017-2022)



Source: Author's Computation from MoE data.

Compensation of Employees

The largest share of education expenditure over the years went into the payment of employee compensation. Between 2017 and 2022, 69.1 per cent of the cumulative expenditure of the education sector went into the payment of employee compensation. Expenditure on Compensation of Employees more than doubled over the period under review, from GHC 7.58 billion in 2017 to GHC 17.51 billion in 2022, an increase of 130.9 per cent.

The increase in expenditure levels for Compensation of Employees saw a corresponding increase in the recruitment of both teaching and non-teaching staff to the various levels of education over the period.

At the pre-tertiary level, between 2017 and 2023, the Ministry of Finance issued financial clearance to the Ghana Education Service (GES), enabling the recruitment of 154,900 staff, comprising 10,120 non-teaching staff and 144,780 teachers to augment and improve the pupil-teacher ratio for effective service delivery and improved learning outcomes.

Key components of the Compensation of Employees expenditure include, but not limited to, the payment of Book and Research Allowance to senior members of public tertiary institutions, the payment of Teacher Trainee Allowances to trainee teachers in public Colleges of Education, and the payment of National Service Allowance to service personnel, which has seen an increase in the monthly allowance from GHC 559.04 in 2017 to GHC 715.57 in 2023.

Goods and Services

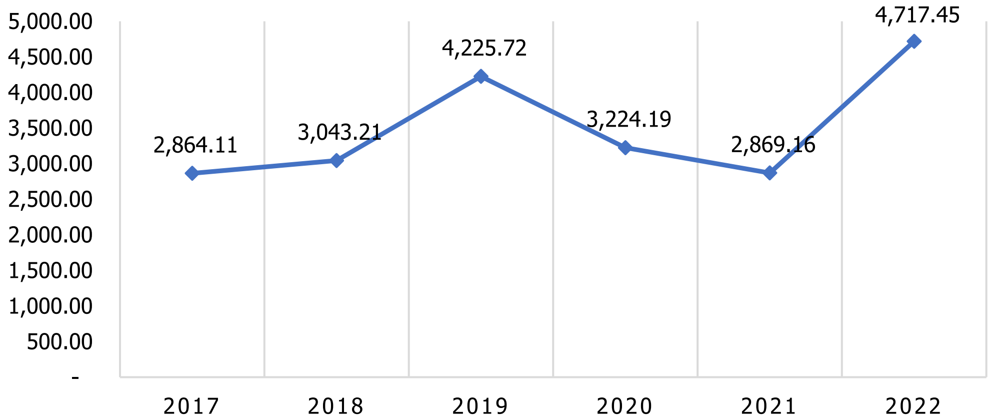
Over the period, the Goods and Services budget was expended on the implementation of various social intervention/government priority programmes, including the free SHS/TVET programme, the payment of Capitation Grants, Basic Education Certificate Examination (BECE) registration for public JHS candidates, Feeding Grants for pupils in public Special Schools, etc.

Also, TLMs, such as textbooks and supplementary readers, establishment supplies to basic schools, payment of government's subscriptions and contributions to international organisations such as the West African Examinations Council (WAEC), UNESCO, the Commonwealth of Learning, and the management and administration costs of running the district, regional and national education offices was funded from the Goods and Services budget.

Expenditure under Goods and Services featured as the second largest, with an average share of 20.9 per cent of the total education expenditure between 2017 and 2022. Goods and Services expenditure increased in nominal terms from GHC 2.86 billion in 2017 to

GHC 4.72 billion in 2022, representing an increase of 64.7 per cent. Figure 6 shows a fluctuating trend in the goods and services expenditure over the period. It peaked in 2019 with an actual expenditure of GHC 4.23 billion.

Figure 6: Trend in Goods and Services Expenditure - 2017-2022



Source: Author's Computation from MoE data.

An analysis of the Goods and Services expenditure trends by the various levels of education shows that, between 2017 and 2022, government spent 56.6 per cent of the sector's Goods and Services expenditure on free SHS/TVET (SHS and TVET), with basic education (KG, Primary and JHS) getting a paltry 5.0 per cent over the period.

Table 6: Trend in Goods and Services Expenditure by Level of Education (GHC millions) 2017-2022

Level	2017	2018	2019	2020	2021	2022	Total	% Share
Basic	120.52	64.10	206.22	117.13	216.43	322.60	**1,047.00**	**5.0%**
SHS	1,564.74	1,803.45	2,082.07	1,839.97	1,422.05	2,294.13	**11,006.42**	**52.8%**
TVET	125.27	111.98	131.21	126.22	125.48	178.57	**798.73**	**3.8%**
SPED	7.70	0.04	9.25	8.95	12.84	4.61	**43.39**	**0.2%**
NFED	0.58	0.45	0.50	3.60	0.91	0.87	**6.90**	**0.0%**
Tertiary	907.94	944.85	1,582.14	983.20	991.56	1,742.26	**7,151.95**	**34.3%**
Management & Subvented	57.38	118.35	214.32	145.10	99.90	170.68	**805.72**	**3.9%**
Total	**2,784.11**	**3,043.21**	**4,225.72**	**3,224.19**	**2,869.16**	**4,717.45**	**20,863.84**	**100%**

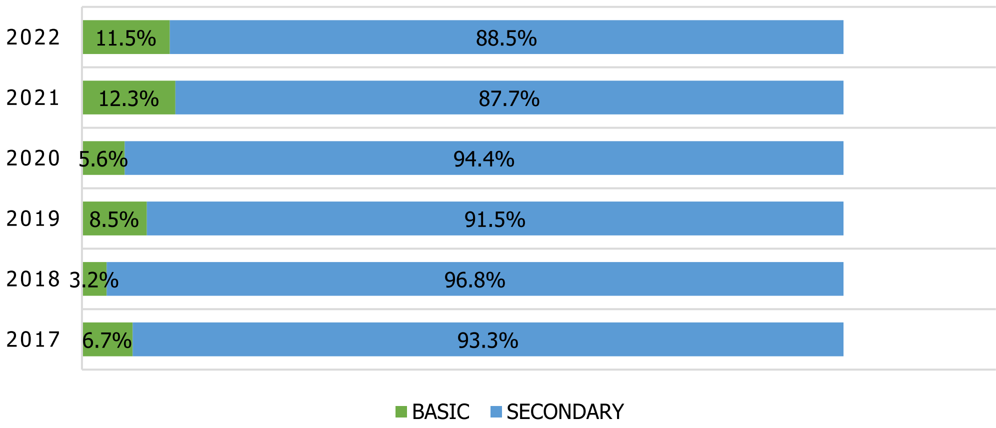
Source: Author's Computation from MoE data.

Pre-Tertiary Goods and Services expenditure analysis

It is worth noting that, about 34 per cent of the Goods and Services expenditure incurred by tertiary institutions, was mainly from their own IGF, which has no implications on pre-tertiary education spending. However, a further analysis of Goods and Services expenditure from all funding sources for the pre-tertiary sector showed that a cumulative share of 91.9 per cent of pre-tertiary goods and services expenditure went to secondary education (SHS and TVET), with the remaining 8.1 per cent going into basic education (KG, Primary and JHS).

This phenomenon goes to confirm the assertion by some stakeholders that the government has over the years focused on secondary education at the expense of the other levels of education, especially, basic. In 2022, the Ghana National Association of Teachers accused the government of paying little attention to the challenges of public basic schools as a result of the implementation of the flagship free SHS Programme.

Figure 7: Share of Pre-Tertiary Goods and Services - 2017-2022



Source: Author's Computation from MoE data.

KEY GOVERNMENT INTERVENTIONS

Free Senior High School /Technical and Vocational Education and Training Programme

The free SHS/TVET programme is one of the major interventions introduced by the government in 2017. The programme, which is basically the absorption of all fee items by the government, has seen an increase in enrolment at the secondary level from a little over 800,000 in 2016 to over 1.4 million in 2024. The growth in the number of beneficiaries has resulted in a corresponding increase in the budget for the implementation of the programme from GHC 400 million in the 2017 budget to GHC 2.77 billion in 2024. Between 2017 and 2024, the ABFA has been the major source of funding (62.2%) for the Programme, with the remaining (37.8%) coming from GoG. The average budget execution rate for the free SHS programme over the period 2017 - 2022 is 85.8 per cent as indicated in Table 7.

Table 7: Free SHS/TVET Budget and Expenditure - 2017-2024

Year	Budget	Actual Exp.	Variance	Execution Rate
2017	400,000,000.00	480,000,000.00	80,000,000.00	120.0%
2018	1,137,861,816.00	1,130,000,000.00	7,861,816.00	99.3%
2019	1,682,641,924.00	1,280,000,000.00	402,641,924.00	76.1%
2020	2,429,257,748.00	1,400,000,000.00	1,029,257,748.00	57.6%
2021	1,974,021,968.00	1,212,877,776.27	761,144,191.73	61.4%
2022	2,299,999,000.00	2,297,327,897.75	2,671,102.25	99.9%
2023	2,957,502,092.00	2,557,502,092.00	400,000,000.00	86.5%
Total	**12,881,284,548.00**	**10,357,707,766.02**	**2,523,576,781.98**	**85.8%**

Source: Author's Computation from MoE data.

Capitation Grant

The Capitation Grant was introduced in 2005 to eliminate levies and fees that hindered access to and participation in education under the fCUBE policy of the government. In 2017, the government increased the Capitation Grant by 122.2 per cent, from GHC 4.50 to GHC 10.00 per pupil. However, the implementation of the Capitation Grant in recent years has been characterized by numerous challenges, including inadequate budgetary allocation, late release of funds, and, in some instances, non-release of funds, thereby creating arrears over the period, negatively affecting the management of public basic schools.

By 2023, the Capitation Grant was in arrears dating as far back as 2021. In the 2023 budget, only GHC 11 million, representing 18 per cent of the actual request for the 2022/2023 academic year, was approved in the 2023 national budget. This was subsequently increased by GHC 30 million during the mid-year review. Notwithstanding, it was still less than the amount required (GHC 60 million) for the implementation of this social intervention programme for the 2023 academic year.

In 2024, government, as part of the International Monetary Fund (IMF)'s Post Covid-19 Programme for Economic Growth (PC-PEG), selected the Capitation Grant and the Ghana School Feeding Programme (GSFP) as the social interventions within the education sector to be used in safeguarding the vulnerable and marginalized. This has resulted in a boost in the allocation for these two interventions, with the Capitation Grant increased from GHC 41 million in 2023 to GHC 84 million in 2024, representing an increase of 104.9 per cent.

This should enable the Ministry to meet the required payment for the 2024 academic year (GHC 65 million) and make up for the shortfall in 2023. Between 2017 and 2023, the average execution rate for the Capitation Grant was 61.8 per cent, giving strong indications of underfunded basic schools

Table 8 shows the budget execution rate for the Capitation Grant over the period under review:

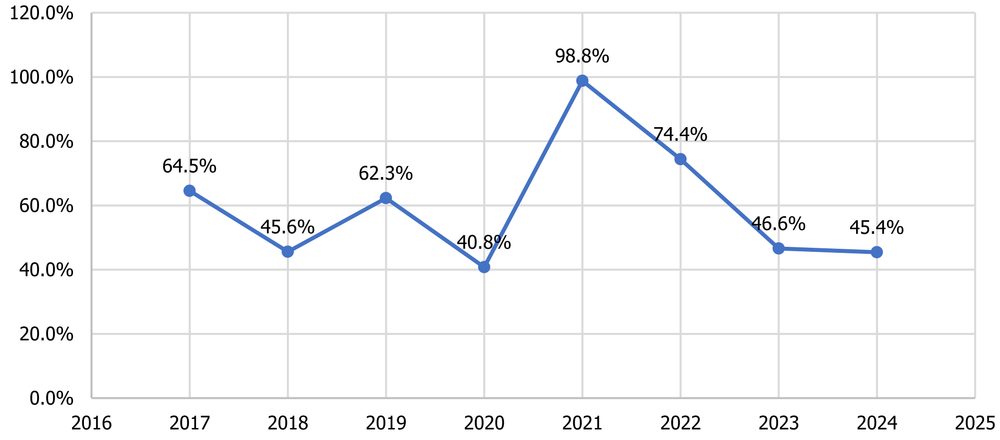
Table 8: Budget and Expenditure Trends for Capitation Grant (GHC millions) - 2017-2024

Year	Budget	Actual Exp.	Variance	Execution Rate
2017	52,929,594.00	34,162,168.18	18,767,425.82	64.5%
2018	57,015,491.00	25,976,250.28	31,039,240.72	45.6%
2019	61,116,505.00	38,058,917.87	23,057,587.13	62.3%
2020	58,727,150.00	23,945,981.34	34,781,168.66	40.8%
2021	60,049,730.00	59,331,527.72	718,202.28	98.8%
2022	60,488,970.00	45,000,000.00	15,488,970.00	74.4%
2023	41,000,000.00	19,100,000.00	21,900,000.00	46.6%
2024	84,000,000.00	38,142000.00[6]	45,848,000.00	45.4%
Total	**475,327,440.00**	**283,716,845.39**	**191,610,594.61**	**59.6%**

Source: GES Budget Presentations to Parliament's Select Committee on Education

[6]Releases as of June 2024. Source: GES.

Figure 8: Trend in Budget Execution Rate for Capitation Grant - 2017-2024



Source: GES Budget Presentations to Parliament's Select Committee on Education

Feeding Grant to Special Schools

This is one of the interventions introduced to bridge the equity gap in the provision of quality education to all Ghanaian children, regardless of their disability. The Feeding Grant to public special schools is a Fund that is disbursed termly to public institutions for the Handicapped to provide food for pupils. The Grant saw a major boost recently when the rate was pegged with the feeding fee rate for the free SHS Programme. This has resulted in an increase in the rate from GHC 4.50 per student a day in 2018 to GHC 8.00 per student in the 2024 budget. Table 9 shows the budget execution rate for the feeding grants from 2019 to 2023.

Table 9: Budget execution for Feeding Grant to special schools (2019-2023)

Year	Budget	Actual Exp.	Variance	Execution Rate
2019	13,425,221.88	8,861,724.00	4,563,497.88	66.0%
2020	12,285,944.44	8,954,527.72	3,331,416.72	72.9%
2021	12,298,902.00	12,298,944.44	- 42.44	100.0%
2022	12,535,600.00	8,199,268.00	4,336,332.00	65.4%
2023	8,106,560.00	12,108,768.00	- 4,002,208.00	149.4%
Total	**58,652,228.32**	**50,423,232.16**	**8,228,996.16**	**85.9%**

Source: Author's Computation from MoE data.

The decline in budgetary allocation for feeding grants, in the face of increasing levels of food inflation (over 190%) had negative implications for the effective management of special schools in the period under review. The poor funding of inclusive education continues to be a major setback to achieving fCUBE and equitable access to secondary education in Ghana.

Ghana School Feeding Program

The GSFP is a government initiative designed to provide free nutritious meals to pupils in selected public primary and KGs across the country with the aim of improving enrolment, retention, and regular attendance of pupils, particularly in underserved and disadvantaged areas. During the period 2017-2024, the GSFP budget witnessed an increase (460.5%) from GHC 249 million in 2017 to GHC 1.39 billion in 2024. However, since 2017, the per unit expenditure has only increased by 50 per cent, from GHC 0.80p in 2017 to GHC 1.20 in 2024. This, discounted for inflation of about 190 per cent, amid high food inflation (22.6%) indicates an underfunded GSFP.

Capital Expenditure

Capital Expenditure refers to funds allocated for long-term investments aimed at enhancing the infrastructure and facilities within the education sector. The CAPEX has the least proportion of education expenditure, with an average share of 10.1 per cent between 2017 and 2022. This notwithstanding, actual CAPEX from all funding sources increased tremendously in nominal terms by 404.6 per cent from GHC 558.5 million in 2017 to GHC 2.82 billion in 2022, per Table 10.

Secondary Education had the largest share of the sector's actual capital expenditure, with 39.7 per cent of total capital expenditure between 2017 and 2022. This can be attributed to the massive expansion in facilities at the secondary level to accommodate the increase in enrolment resulting from the free SHS Programme. Tertiary education received the second largest share (37%), with Basic Education, the largest sub-sector with the highest infrastructure deficit, receiving only 12 per cent of CAPEX over the period. This raises serious concerns about equitable financing.

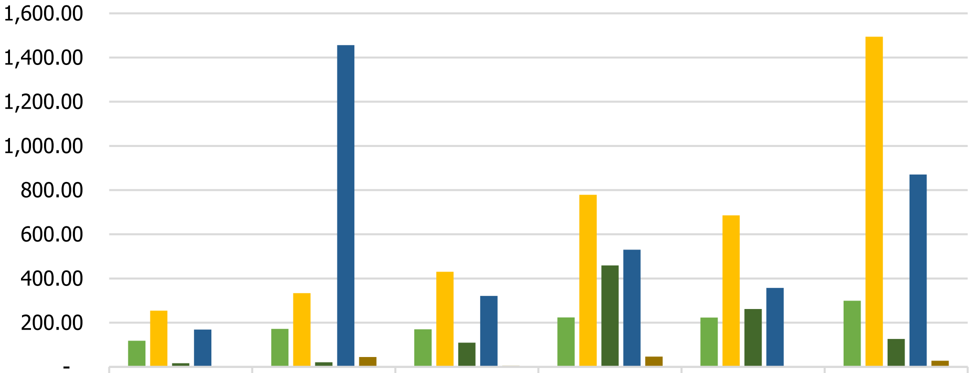
Table 10: Trend in Infrastructure Financing-CAPEX by Level of Education (GHC millions) - 2017-2022

Level	2017	2018	2019	2020	2021	2022	Total	% Share
Basic	118.34	171.95	170.11	223.20	223.21	299.62	1,206.42	12.1%
SHS	254.41	333.68	430.16	778.98	685.82	1,493.98	3,977.03	39.7%
TVET	16.75	20.92	109.58	458.94	261.66	126.25	994.10	9.9%
SPED	-	-	-	0.45	0.19	-	0.65	0.0%
Tertiary	168.64	1,456.43	321.23	530.39	357.65	870.34	3,704.69	37.0%
Management & Subvented	0.32	44.58	4.85	46.60	1.87	27.88	126.11	1.3%
Total CAPEX Exp.	**558.46**	**2,027.56**	**1,035.93**	**2,038.57**	**1,530.41**	**2,818.06**	**10,008.99**	**100%**

Source: Author's Computation from MoE data

[7]Ghana Statistical Service, May 2024 Consumer Price Index data

Figure 9: Capital Expenditure by Level of Education - 2017-2022



	2017	2018	2019	2020	2021	2022
Basic	118.34	171.95	170.11	223.65	223.40	299.62
SHS	254.41	333.68	430.16	778.98	685.82	1,493.98
TVET	16.75	20.92	109.58	458.94	261.66	126.25
Tertiary	168.64	1,456.43	321.23	530.39	357.65	870.34
Mang't	0.32	44.58	4.85	46.60	1.87	27.88

Source: Author's Computation from MoE data.

Ghana Education Trust Fund

The GETFund is the major source of funding education infrastructure at all levels of the sector. Between 2017 and 2022, GETFund contributed a cumulative share of 61.51 per cent of the actual CAPEX expenditure in the education sector. This was followed by IGF with 25.36 per cent and then Development Partners with 10.79 per cent. The GoG's contribution to CAPEX averaged 0.95 per cent over the period.

Table 11: Capital Expenditure by Funding Source (GHC millions) - 2017-2022

Source	2017	2018	2019	2020	2021	2022	Total	% Share
GoG	-	53.15	24.43	1.17	15.05	1.60	95.40	0.95%
ABFA	-	-	-	16.80	8.00	48.46	73.26	0.73%
GETFund	403.77	546.67	707.36	1,255.42	1,017.02	2,226.42	6,156.66	61.51%
DACF	-	28.76	36.55	-	-	-	65.31	0.65%
Donor	58.73	39.58	57.93	577.90	254.68	91.63	1,080.45	10.79%
IGF	95.97	1,359.40	209.65	187.28	235.65	449.95	2,537.90	25.36%
Total	**558.46**	**2,027.56**	**1,035.93**	**2,038.57**	**1,530.41**	**2,818.06**	**10,008.99**	**100%**

Source: Author's computation from MoE data.

Table 12 provides a detailed breakdown of GETFund allocation by level of education. The data shows that between 2017 and 2024, the largest share (27.1%) of the GETFund budget went into Debt Servicing. This was followed by the Secondary Education sub-sector (26.6%), Tertiary Education (21.8%) and then Basic Education with 15.3 per cent. Since the 27.1 per cent Debt Servicing share of GETFund was the result of a loan secured to finance mainly free SHS infrastructure expansion, a comprehensive picture of Secondary Education's share of GETFund is established by adding the Debt Servicing cost (27.1%) to the direct Secondary Education's share (26.1%), culminating in a total of 53.7 per cent for Secondary Education.

Table 12: GETFund Allocation by Level of Education (GHC millions) - 2017-2024

Level of Education	2017	2018	2019	2020	2021	2022	2023	2024	Total	% Share
Basic	222.76	253.12	160.81	94.48	66.24	325.80	270.45	800.34	2,193.99	15.3%
Secondary	242.02	256.32	160.50	106.67	74.00	496.59	912.00	1,551.96	3,800.06	26.6%
Tertiary	255.50	328.14	318.63	225.00	175.44	546.00	180.00	1,093.40	3,122.10	21.8%
Management	69.95	87.23	141.26	112.24	116.04	190.94	187.42	401.09	1,306.18	9.1%
Debt Servicing	-	-	426.57	686.66	1,011.08	1,041.47	619.69	88.99	3,874.45	27.1%
TOTAL	**790.22**	**924.81**	**1,207.77**	**1,225.04**	**1,442.80**	**2,600.80**	**2,169.56**	**3,935.78 *****	**14,296.78 *****	**100.0%**

Source: GETFund Distribution Formula from 2017-2024

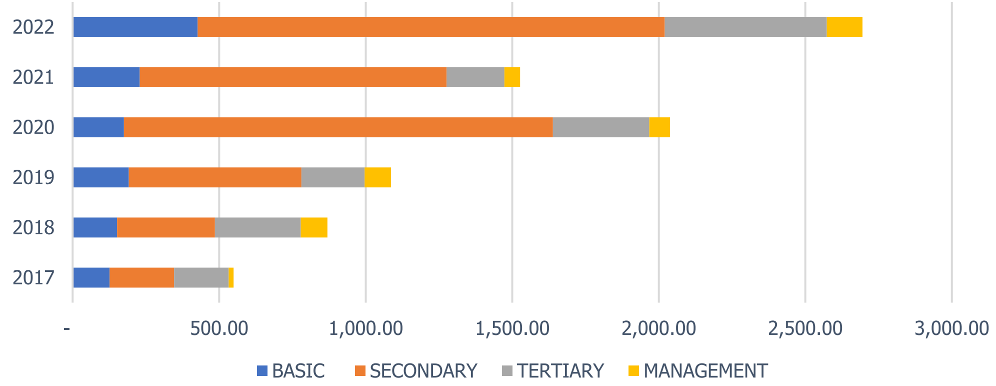
Table 13: Trend in Actual GETFund Expenditure by Level of Education (GHC millions) - 2017-2024

Level of Education	2017	2018	2019	2020	2021	2022
Basic	126.24	151.80	191.46	174.94	228.79	426.80
Secondary	220.17	333.65	589.16	1,463.79	1,047.27	1,593.34
Tertiary	186.14	292.93	215.55	328.82	197.19	553.20
Management	16.78	91.01	89.87	70.94	53.69	121.36
TOTAL	**549.34**	**869.40**	**1,086.04**	**2,038.48**	**1,526.94**	**2,694.70**

Source: Author's Computation from MoE data.

*** figure excludes about GHC 300 million additional funding from the 2024 midyear budget, not captured in the 2024 GETFund formula.

Figure 10: Actual GETFund Expenditure by Level of Education - 2017-2022



Source: Author's Computation from MoE data.

GETFund has since 2017 initiated a total of 2,326 different projects at the pre-tertiary level. Out of this, a total of 1,191, representing 51.2 per cent have been completed. Table 14 shows the breakdown of the projects by level of education. The regional summary of the various projects for basic and secondary have been attached as appendices 1 and 2 respectively.

Table 14: GETFund projects at the pre-tertiary sub-sector - 2017-2024

Level	No. of Projects	Number Completed	% Complete
Basic Education	1,330	557	41.9%
Secondary Education	996	634	63.7%
Total	**2,326**	**1,191**	**51.2%**

Source: Funds Procurement Management Unit of the MoE

Challenges

Capping

Despite the tremendous contribution of GETFund towards the provision of education infrastructure, the implementation of the Earmarked Funds Capping and Realignment Act, 2017 (Act 947), enabled the Ministry of Finance to channel up to 60 per cent of GETFund Levy accruals into other 'priority areas' of the government. Between 2019 and 2022, out of GHC 9.8 billion GETFund Levy Accruals, only GHC 5.2 billion, representing 52 per cent was released to the GETFund due to the capping as shown in Table 15.

Table 15: GETFund Capping Analysis (2019-2022)

Year	Actual Accruals	Actual Release	Variance	% of Accruals released
2019	1,744,809,503.65	919,924,002,34	824,885,501.31	52.7%
2020	1,816,821,793.56	986,679,334.08	830,142,459.48	54.3%
2021	2,496,353,208.14	1,215,700,000,00	1,280,653,208.14	48.7%
2022	3,776,458,279.85	2,082,379,609.34	1,694,078,670.52	55.1%
TOTAL	9,834,442,785.20	5,204,682,945.76	4,629,759,839.44	52.9%

Source: Ministry of Finance

The capping regime has significantly decreased the inflow of funds to GETFund, and severely curtailed the Fund's ability to provide the necessary infrastructure financing in schools to meet the growing student numbers. This is especially seen at the basic level where over 5,000 schools exist under trees, sheds and dilapidated structures, with over a million desks needed. The regime has also contributed to a pool of uncompleted projects across the country.

Apart from the capping, there is delay in the release of the Fund by the Ministry of Finance to the GETFund Secretariat, creating delays in the payment of claims from contractors, cost overruns and increasing the number of uncompleted projects across all levels of education. The total outstanding liabilities due contractors as at the end of 2023 stood at GHC 1.46 billion, as indicated in table 15 below:

Table 16: GETFund Liabilities by Level of Education as of December 2023

Level of Education	Liabilities (GHC)
Basic Education	256,869,000.00
Second Cycle Education	950,411,000.00
Tertiary Education	249,377,000.00
Total	**1,456,657,000.00**

Source: 2024 GETFund Formula

In 2019, the Auditor-General's report into GETFund's foreign scholarship scheme raised questions about spending efficiency, value for money and political influence, based on which a recommendation was made to stop running foreign scholarships and rather provide funding to the Scholarships Secretariat to run foreign scholarships.

Scholarships were awarded mainly for programs that were available locally for less than 5 per cent of the foreign cost of study. After suspending the programme for three (3) years, GETFund has re-launched another foreign master's degree scholarship program, raising concerns about value for money and spending efficiency.

Parliament and sector stakeholders have raised issues with the centralised procurement of GETFund projects, and its effect on project execution, monitoring, continuity and value for money. It is important for GETFund to disburse funds to local governments to procure education infrastructure, based on their education priorities, and in line with national plans.

The reliance of the education sector on GETFund for CAPEX makes it expedient for reforms aimed at ensuring the full commitment of GETFund levy accruals to the Secretariat, and optimizing efficiency in its management. GETFund must be repositioned to focus mainly on infrastructure.

The GETFund Law has operated for two (2) decades without a Legislative Instrument (LI). It is important for an LI to be developed to properly streamline the relationship between the GETFund Board, the Secretariat, the MoE, etc., and provide the necessary strategic direction for its activities.

EDUCATION BUDGET EXECUTION

The education budget execution rate refers to the percentage of allocated education budget funds that are spent or utilized within a given fiscal year. This rate is an important metric for assessing the efficiency and effectiveness of budget implementation in the education sector. A high execution rate indicates that most allocated funds have been used as intended, while a low execution rate suggests underutilization of resources.

The education sector budget execution rates over the period significantly exceeded 100 per cent, with an average execution rate of 112.4 per cent between 2017 and 2022. The highest execution rate was recorded in 2018 (122.9%), with the lowest recorded in 2020 (99.4%), mainly due to the closure of schools, resulting from the outbreak of the Covid-19 pandemic.

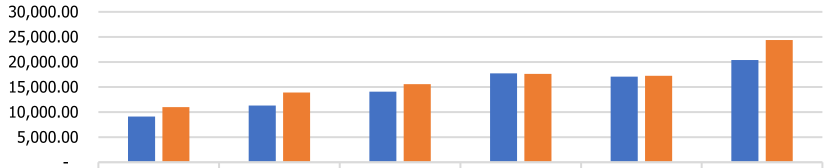
Table 17: Trend in Budget Execution by Economic Classification (GHC millions) – 2017-2022

Economic Classification	2017			2018			2019		
	Budget	**Exp.**	**Execution Rate**	**Budget**	**Exp.**	**Execution Rate**	**Budget**	**Exp.**	**Execution Rate**
Compensation of Employees	6,544.05	7,582.64	115.9%	7,294.48	8,841.81	121.2%	9,206.87	10,315.26	112.0%
Goods and Services	1,586.76	2,864.11	180.5%	2,634.55	3,043.21	115.5%	3,493.88	4,225.72	120.9%
CAPEX	989.51	558.46	56.4%	1,392.48	2,027.56	145.6%	1,384.06	1,035.93	74.8%
Total	**9,120.32**	**11,005.21**	**120.7%**	**11,321.51**	**13,912.59**	**122.9%**	**14,084.81**	**15,576.91**	**110.6%**

Economic Classification	2020			2021			2022		
	Budget	**Exp.**	**Execution Rate**	**Budget**	**Exp.**	**Execution Rate**	**Budget**	**Exp.**	**Execution Rate**
Compensation of Employees	10,531.23	12,365.49	117.4%	10,522.03	12,779.91	121.5%	11,927.91	17,511.15	146.8%
Goods and Services	4,235.35	3,224.19	76.1%	3,827.63	2,869.16	75.0%	5,163.44	4,049.43	78.4%
CAPEX	2,973.18	2,038.57	68.6%	2,724.77	1,606.98	59.0%	3,296.27	2,818.06	85.5%
Total	**17,739.76**	**17,628.25**	**99.4%**	**17,074.43**	**17,256.05**	**101.1%**	**20,387.62**	**24,378.64**	**119.6%**

Source: Author's Computation from MoE data.

Figure 11: Budget Vs Actual Expenditure (GHC millions) – 2017-2022

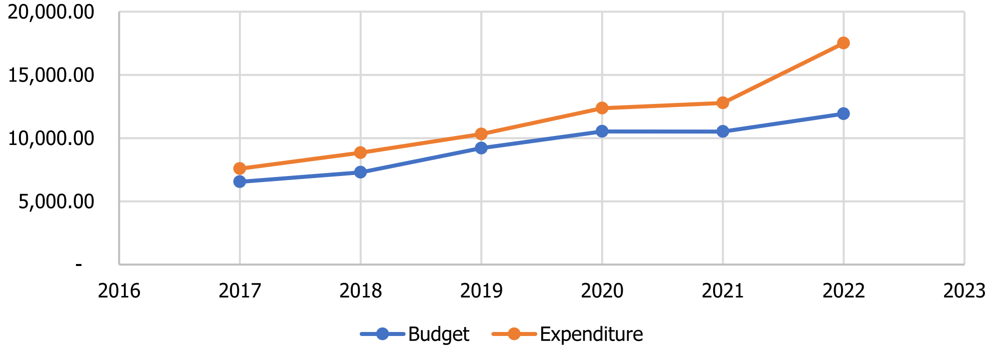


	2017	2018	2019	2020	2021	2022
Budget	9,120.32	11,321.51	14,084.81	17,739.76	17,074.43	20,387.62
Expenditure	11,005.21	13,912.59	15,576.91	17,628.25	17,256.05	24,378.64

Budget Expenditure

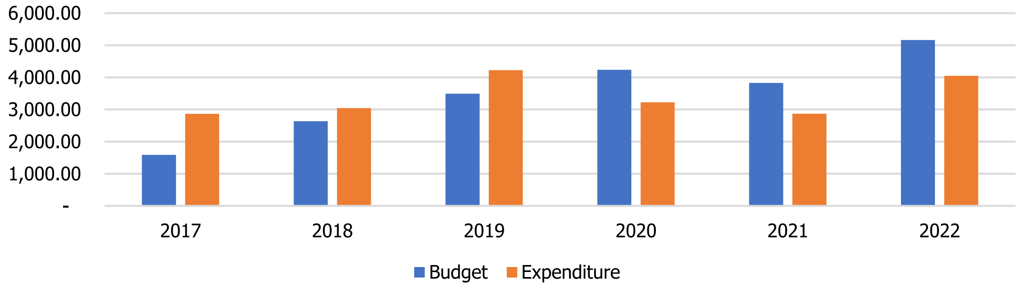
Source: Author's Computation from MoE data.

Figure 12: Compensation (Budget Vs Expenditure) - 2017-2022



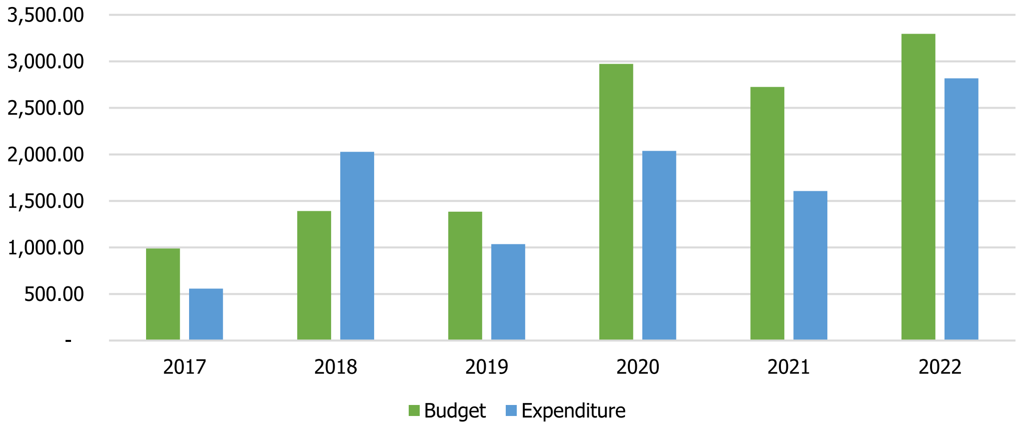
Source: Author's Computation from MoE data.

Figure 13: Goods and Services (Budget Vs Expenditure) - 2017-2022



Source: Author's Computation from MoE data.

Figure 14: CAPEX (Budget Vs Expenditure) - 2017-2022



Source: Author's Computation from MoE data.

An analysis of the execution rate by economic items shows a consistent budget overrun under Compensation of Employees, with an average execution rate of 122.5 per cent. According to the 2022 Education Finance Watch report, there was a Compensation of Employees budget overrun globally in 2019. The trend continued in 2020 for Lower Middle-Income Countries and Low-Income Countries.

Ghana recorded its highest compensation budget overrun in 2022 with an execution rate of 146.8 per cent whilst 2019 recorded the lowest overrun with 112.0 per cent. Several factors account for this and notable amongst them is the payment of outstanding claims from previous years' commitment, implementation of new negotiated rates with the various Teacher Unions after the budget has been approved, and the low budget ceilings for compensation of employees allocated to the MoE by the Ministry of Finance over the years.

The budget execution rate for Goods and Services from all funding sources also shows an average overrun of 107.7 per cent over the period under review, with 2017 recording the highest rate of 180.5 per cent and 2021 recording the lowest execution rate of 75.0 per cent. Despite this, figure 15 shows that from 2020, the post Covid-19 era, the budget execution rate for goods and services has consistently been below 80 per cent of the approved budget from all funding sources. This explains why the free SHS, Capitation Grant, BECE and West African Senior School Certificate Examination fees, etc., have become challenging expenditures for government since 2020.

Unlike the other expenditure items discussed above, the education budget execution rate for CAPEX over the years has always been the lowest amongst the various expenditure lines, with an average execution rate of 81.7 per cent between 2017 and 2022 from all funding sources. The highest execution rate of 145.6 per cent was achieved in 2018 and 2017 recorded the lowest CAPEX execution rate with 56.4 per cent of the approved budget capital expenditure being utilized.

The persistent underutilization of approved budget for CAPEX can be attributed to the non-release of approved budgets, especially GETFund allocations, by the Ministry of Finance. A report published on Ghanaweb on 31st October 2023, shows that annual releases from the Ministry of Finance to GETFund have consistently been below 50 per cent of the approved formula by Parliament.

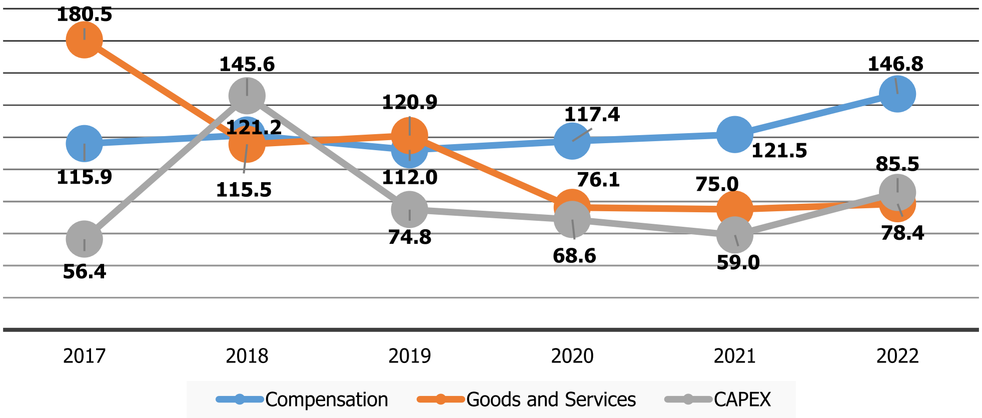
Table 18 shows the trend in budget execution by the various expenditure items from 2017 to 2022:

Table 18: Trend in Budget Execution - 2017-2022

Year	Compensation of Employees (%)	Goods and Services (%)	Capital Expenditure (%)
2017	115.9	180.5	56.4
2018	121.2	115.5	145.6
2019	112.0	120.9	74.8
2020	117.4	76.1	68.6
2021	121.5	75.0	59.0
2022	146.8	78.4	85.5
Average	**122.5**	**107.7**	**81.7**

Source: Author's Computation from the annual Education Sector Performance Reports

Figure 15: Trend in Budget Execution Rates by Expenditure Items - 2017-2022



Source: Author's Computation from MoE data.

IMPACT OF THE IMF PROGRAMME ON EDUCATION FINANCING

When Ghana requested an IMF-supported programme in July 2022, the country was grappling with an economic and financial crisis that was the outcome of pre-existing vulnerabilities and substantial external shocks. The IMF in response, approved a 36-month Extended Credit Facility (ECF), the equivalent of US$ 3 billion in May 2023. The programme is based on the government's PC-PEG, which aims to restore macroeconomic stability and debt sustainability, and includes wide-ranging reforms to build resilience and lay the foundation for stronger and more inclusive growth.

The government, through the 2023 and 2024 budgets, took steps to restore macroeconomic stability with emphasis on fiscal consolidation and sound public finances. These efforts are underpinned by structural reforms aimed to enhance domestic resource mobilization, strengthen public financial management, and create a business environment that better fosters private sector development.

In undertaking bold reforms to overcome an economic crisis, it is crucial to safeguard the vulnerable and marginalized. In view of that, despite the fiscal consolidation and expenditure rationalization measures being implemented by government as a result of the IMF PC-PEG programme, there was a higher rate of increase in the overall budget allocation to the education sector compared to the Pre-IMF era.

In 2023, the nominal education budget increased by 21.5 per cent from GHC 20.39 billion in 2022 to GHC 24.77 billion in 2023. The budget for the 2024 financial year saw a rather higher increase from GHC 24.77 billion in 2023 to GHC 32.79 billion in 2024, representing an increase of 32.4 per cent. Table 18 shows the percentage change in education budget allocation before and during the IMF programme:

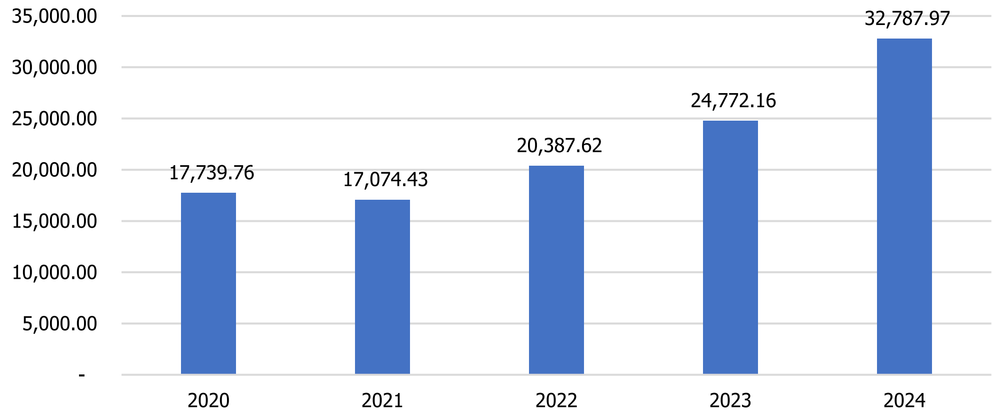
Table 19: Percentage Changes in Budget Allocation Before and During IMF Programme

Source	2020	2021	2022	2023	2024
GoG	11,797.71	11,855.26	13,407.68	15,098.66	22,852.37
ABFA	1,314.56	776.18	993.85	2,987.59	2,400.90
GETFund	2,009.32	1,442.80	2,600.80	1,869.56	3,273.77
Donor	911.29	925.43	551.26	1,706.40	827.68
IGF	1,706.88	2,074.77	2,834.04	3,109.95	3,433.25
Total	**17,739.76**	**17,074.43**	**20,387.62**	**24,772.16**	**32,787.97**
% Change		-3.8%	19.4%	21.5%	32.4%

Before IMF Programme **During IMF Programme**

Source: Budget Statements, Ministry of Finance (2020-2024)

Figure 16: Budget Allocation Before Vs During IMF Programme



Source: Budget Statements, Ministry of Finance (2020-2024)

One major criticism of IMF programmes in Ghana over the years has been its negative impact on public sector jobs. The government therefore reiterated its commitment to protect public sector jobs and social investment during negotiations with the Fund.

In the 2022/2023 academic year, GES recruited a total of 13,713 teaching and 1,566 non-teaching staffs. This year, the Ministry of Finance has given financial clearance to enable GES to recruit an additional 16,500 teaching and 1,500 non-teaching staff to augment the workforce at the pre-tertiary level. This is a deviation from previous IMF programmes which usually comes with a freeze on public sector employment, and must guide future governments accordingly. The role of Civil Society in advocating social protection through their regular dialogue with the IMF before and during the Programme is worthy of mention.

KEY CHALLENGES IN EDUCATION FINANCING

Inadequate Funding

Despite some increases in education budgets over the years, overall funding levels have often been considered insufficient to meet the diverse needs of the education sector. Inadequate financial resources have led to limitations in provision of appropriate and adequate TLMs, infrastructure development, and overall service delivery. A funding gap analysis of the education sector budget from 2020-2024 reveals that an average of 77.1 per cent of the Ministry's actual requirement under GoG and ABFA is what was actually allocated to the sector.

Table 20 shows that CAPEX is the most affected expenditure item, with only 7.9 per cent of the Ministry's actual requirement being honoured in terms of budget allocation under GoG and ABFA. This explains the widening infrastructure gap in the sector over the years.

Table 20: Cumulative Funding Gap Analysis for GoG and ABFA (2020 - 2024)

Expenditure Item	Actual Request GHC	Budget Allocation GHC	% of Allocation
Compensation of Employees	88,672,820,199.83	69,904,583,203.00	78.8%
Goods and Services	17,019,046,492.36	13,373,531,879.00	78.6%
CAPEX	2,599,308,677.89	206,644,000.00	7.9%
Total	**108,291,175,370.08**	**83,484,759,082.00**	**77.1%**

Source: Author's computation from MoE data.

Unequal Resource Distribution

Disparities in resource allocation across the various levels of education has been a persistent challenge over the years. An analysis of non-salary expenditure over the years shows that a huge chunk of expenditure from GoG and ABFA goes into secondary education at the detriment of the other levels of education. This has greatly affected the delivery of quality education, especially at the basic level.

For instance, the provision of core textbooks to Senior High Schools has been a regular budget line in the free SHS budget since 2017. However, four (4) years into the implementation of the new Standard-Based Curriculum in primary schools in Ghana, only 62 per cent of the required textbook in the four (4) core subjects were available in primary schools according to an earlier report on textbook tracking by Eduwatch published in November 2023.

The high level of inflation and the economic situation the country finds itself in has made the rate for the implementation of the Capitation Grant woefully inadequate, making it extremely difficult for education managers at the basic level to effectively run public basic schools. The Capitation Grant, which was equivalent to US$ 3.30 at its inception in 2005 is now equivalent to US$ 0.71 per pupil per year[8]. Since the Grant was last increased in 2017/18, high levels of inflation have reduced the real value from the equivalent of six (6) to two (2) exercise books. It is recommended that an indexation mechanism be adopted to benchmark the Capitation Grant against inflation and adjust automatically each year.

Another area where there is disparity in resource allocation is the per unit cost of education at various levels. While primary education is generally considered more affordable than secondary education, the wide disparity in the unit cost between basic and secondary education is attributed to the boarding system of education in Ghana where about 80 per cent of students are fed, clothed and housed free by the government. According to UNICEF, as cited in Eduwatch's Education Financing Brief of 2022, government per unit expenditure on secondary education is three (3) times more than basic education. Rationalizing the government's spending on secondary education is crucial to ensuring an equitable allocation of financial resources in the sector.

Delayed disbursement

Delayed disbursement of funds, including grants, subsidies, and allocations, has hindered the timely implementation of education programmes and initiatives. Issues with fund release have disrupted planned activities, constrained operational efficiency, and impacted the overall education service delivery.

[8]Based on the Bank of Ghana exchange rate as of 3rd June 2024.

CONCLUSION

Education's share of national expenditure has been significantly responsive to the minimum international education financing norms, even though there have been relative post-COVID-19 declines observed between 2020 and 2022. While the decline could be synonymous to the economic downturn, the national budget and expenditure trends showed no evidence of constriction, giving strong indications that, there are still opportunities for increasing public spending on education to the global upper benchmark of 6 per cent of GDP, as Ghana continues to recover from the economic crisis.

Equitable spending has remained an issue throughout the period under review, with basic education receiving less than 50 per cent of the total education budget as recommended by Eduwatch. While on average, 70 per cent of the education budget went into compensation, ensuring equitable expenditure on the remaining 30 per cent proved challenging, as secondary and tertiary dominated at the expense of basic, which has more than thrice the number of secondary and tertiary beneficiaries combined. The impact of increasing education budget and expenditure can only be felt holistically when equitably spent to achieve balanced growth.

Budget execution continued to be high in a cumulative sense, exceeding the general budget amounts and the non-discretionary budget i.e. compensation. However, discretionary expenditure (Goods and Services) remained below budget, due to erratic releases and disbursement, confirming the traditional challenge with discretionary budget credibility.

RECOMMENDATIONS

1. The GoG must upscale and sustain education spending to 6 per cent of GDP and at least 20 per cent of total government expenditure.

2. The GoG must commit at least 50 per cent of education expenditure to basic education, by increasing the GoG allocation to basic, with 20 per cent committed to CAPEX. This will help reduce the infrastructure gap, enhance access and reduce dropout rates.

3. The GoG must increase the annual Capitation Grant amount to at least GHC 20 per student, and benchmark it against annual inflation through an automatic indexation mechanism; similar to the Livelihood Empowerment Against Poverty programme.

4. The MoE must move key intervention budget lines like the Capitation Grant and Feeding Grant to Special Schools unto the ABFA which is a much more reliable budget line than the main GoG budget source. This will improve budget execution.

5. The GoG must increase investment in TVET to 5 per cent of the education budget, with a primary focus on upgrading facilities and ensuring regular availability of funds for procuring consumables for practical work.

6. The costing of TVET under the free SHS programme must be reviewed to mirror the actual cost of implementing Competency Based Training programmes in the non-state sector. For example, the cost of practical work must be increased from the current GHC 45 to at least GHC 100 per student for the academic year with timely releases.

7. The GoG must explore cost-efficient education financing options through enhanced domestic resource mobilization. The over reliance on bonds is expensive and unsustainable. Government must build tax infrastructure, broaden the tax base, to support fairer property taxes, fight tax evasion and implement the Tax Exemptions Bill already passed by Parliament. This would increase the fiscal space to allow increased investment in the education sector.

8. The GoG should leverage on existing Ghana Statistical Service data on household expenditure to develop a targeting system that enables the average to rich households to pay for feeding in public SHS.

9. The Office of the President should set and enforce competitive procurement benchmarks for the MoE and its agencies.

10. The GoG must take steps to uncap the GETFund and ensure prompt release of the Fund within the financial year of approval.

11. The MoE must prioritize basic education infrastructure in its proposals for GETFund allocation. This is necessary in reducing dropouts at the basic level, thereby enhancing opportunities for access to secondary education by the poor. Once uncapped, a 35 per cent GETFund allocation for basic school infrastructure can reduce the infrastructure gap by 60 per cent within the next four (4) years.

12. The Finance and Education Ministries must work together to improve budget credibility in goods and services and CAPEX.

13. The MoE should increase the Complementary Education Agency's share of the sector expenditure to 2 per cent to enable an effective implementation of the Complementary Basic Education (CBE) policy and reduce the increasing number of Out-Of-School Children. The increment must prioritise the programme budget for CBE.

14. The MoE should increase the Special Education's share of the sector expenditure to 1 per cent to enable the effective implementation of the Inclusive Education Policy. Priority must be accorded to infrastructure, facilities and teaching and learning aids.

EDUCATION FINANCING TRACKER (2017-2024)

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