



EDUCATION BUDGET BRIEF 2023



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Introduction

Education is fundamental to the social, civic, and economic development of children and broader society. It has been described by the UN Secretary-General as “the single most important investment that any country can make for its future and its people”¹. President Nana Akufo-Addo was announced as a Global Partnership for Education champion for domestic financing for education in October 2022², and called for the allocation of at least 20% of national budgets to education.

Ghana has been successful in expanding access to education. The challenge remains to improve learning outcomes. At Primary Four (P4), 62% of

Ghanaian children score below ‘basic’ in mathematics and 50% score below ‘basic’ in English³. Although progress has been made in increasing graduation rates, gaps between net (i.e. right-age) and gross enrolment rates persist. These indicate that pupils often struggle to attain the necessary learning when they should, delaying their transition to higher levels⁴. In the past decade, there has not been a clear trend in terms of improved learning outcomes. Whilst children in Ghana receive 12 years of schooling, the poor learning outcomes in Ghana mean that they only receive the equivalent of 6 learning-adjusted years of schooling (see Fig.1)⁵.

Fig. 1: Learning Adjusted Years of Schooling and Expected Years of Schooling⁶



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¹ UN Secretary-General, 2022. ‘Vision Statement of the Secretary-General on Transforming Education’ UN Transforming Education Summit

² President Akufo-Addo of Ghana announced as GPE champion for education financing | Infos | Global Partnership for Education

³ MOE and GES. ‘Ghana 2021 National Standardized Test Results’

⁴ MOE, 2021. ‘Education Sector Performance Report

⁵ Angrist et al. 2020. ‘How to Improve Education Outcomes Most Efficiently? A Comparison of 150 Interventions Using the New Learning-Adjusted Years of Schooling Metric

⁶ Ibid.

Ghana is experiencing an ongoing socio-economic crisis, with implications for education provision and access. Since 2022 the crisis has manifested in Ghana through mounting debt-service costs, high rates of price inflation, a decline in GDP growth, and a depreciation in the value of the Ghanaian Cedi⁷. The crisis **constrains the fiscal space** available for the government, creating risk for education spending. **Socio-economic factors jeopardise school enrolment, attendance, and children's readiness to learn.** The **COVID-19 pandemic led to schools in Ghana being closed** in March 2020 and not fully re-opening until January 2021⁸. The impact of the closures can be seen through an **increase in repetition rates**, which rose across all grades from 3.5% in 2018 to 10.5% in 2021⁹. **Over 85% of parents said that their children "definitely" or "probably" lost learning due**

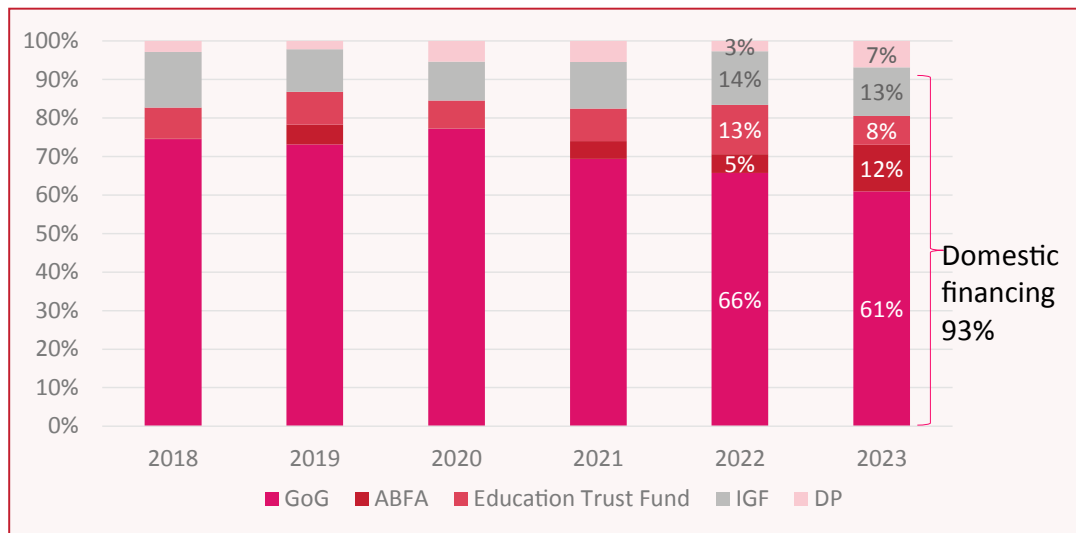
to the pandemic¹⁰. This is especially concerning given the **pre-existing challenges in learning outcomes**¹¹, the erosion of the value of government expenditure through price inflation (Fig.3), and the fall in the prioritisation of basic education within the MOE budget.

The In the face of this crisis, the Government of Ghana (GoG) has negotiated a three-year Extended Credit Facility agreement with the IMF, undertaken comprehensive restructuring of domestic and international debt, and introduced measures to control expenditure and increase revenues. This agreement includes specific targets related to education spending through school capitation grants and the Ghana School Feeding Programme. These aim to ensure that these areas of spending are protected and enhanced¹².

Education Spending Trends

The main loci of education funding in the national budget are through the Ministry of Education and the Ghana Education Trust Fund¹³ (GETFund). The education budget is funded primarily from domestic sources, which for 2023 comprise 93% of the total allocation. Funding from central government (GoG + ABFA¹⁴ + GETFund) makes up 80% of the total budget for 2023, compared to 83% in 2022. The proportion of internally generated funds has remained roughly constant, while the share of development partner funding has more than doubled from 3% to 7% from 2022 to 2023

Fig. 2: Education Budget by Source¹⁵



⁷ World Bank, 2023. '7th Ghana Economic Update. Price Surge: Unraveling Inflation's Toll on Poverty and Food Security'

⁸ Institute for Educational Planning and Administration, 2022. 'What Happened to Dropout Rates after COVID-19 School Closures in Ghana'

⁹ Ibid.

¹⁰ Center for Global Development, 2021. 'How Did Students Recover Learning Loss During COVID-19 School Closures in Ghana?'

¹¹ Angrist et al. 2019. 'Measuring Human Capital'

¹² IMF 2023. 'Ghana: Request for an Arrangement Under the Extended Credit Facility'

¹³ The Ghana Education Trust Fund provides finance to supplement the provision of education at all levels, and is funded through a VAT levy of 2.5%, as well as other funding provided by parliament or from investment returns. Ghana Education Trust Fund Act 2000

¹⁴ Annual Budget Funding Amount is a proportion of oil revenues directed at funding developmental projects across Ghana

¹⁵ MOE Programme Based Budgets

The education budget increased by 21.5% from 2022 to 2023 in nominal terms, however due to the high rate of price inflation, it declined by 6.1% in real terms (i.e. adjusted for inflation). Since 2018, the MOE budget has increased by 120% in nominal terms, while prices have increased by around 170%, resulting in the education budget for 2023 being 18% lower in real terms than it was in 2018. Under the 2023 MTEF, the MOE budget is projected to continue falling in real terms in the years ahead.

Fig. 3: Nominal and Real Education Budget ¹⁶

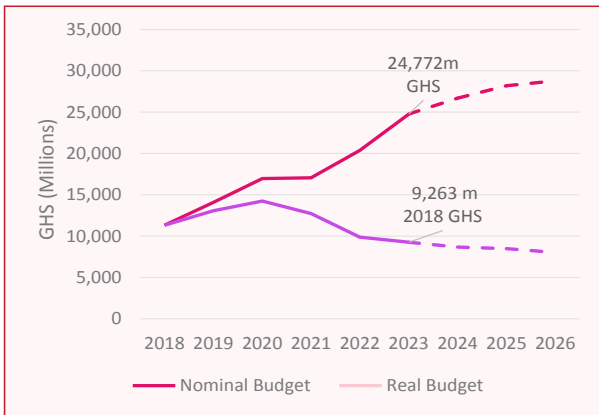
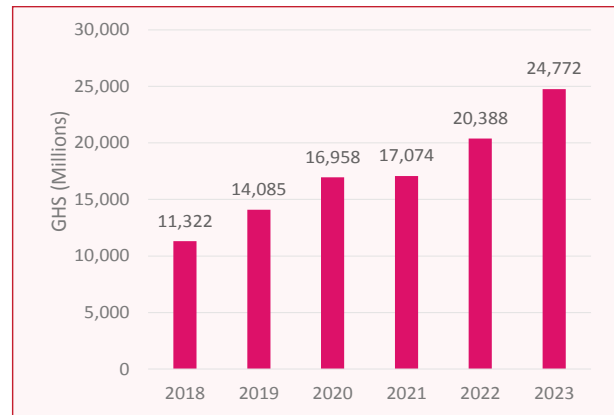


Fig. 4: Nominal Education Budget



Education’s share of total government spending is below the global benchmark of 15% to 20% or the government’s own commitment of 23%. Having almost met the global benchmark in 2019, when education spending reached 17.9%, the total education budget has declined as a share of total government spending and is only 10.9% for 2023. As a proportion of GDP education spending has declined from 4.3% in 2020 to 3.1% in 2023, compared to the UNESCO target of at least 4% to 6%.



Education budget declined by 6.1% in real terms



¹⁶ MOF Annual Budget Statements 2018 – 2023. Real budget calculated using IMF World Economic Outlook April 2023 Inflation figures

Under current MOF projections, education spending will continue to decline as a proportion of GDP and total government spending in each year to 2026¹⁷ when it is projected to amount to 8.6% of total government spending, and 2.3% of GDP.

Fig. 5: Education Share of Total Govt Budget

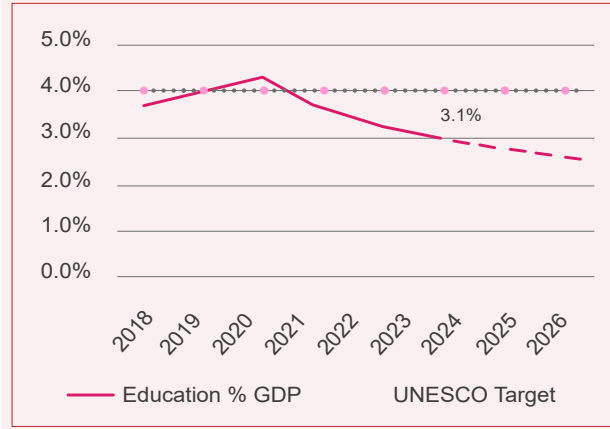
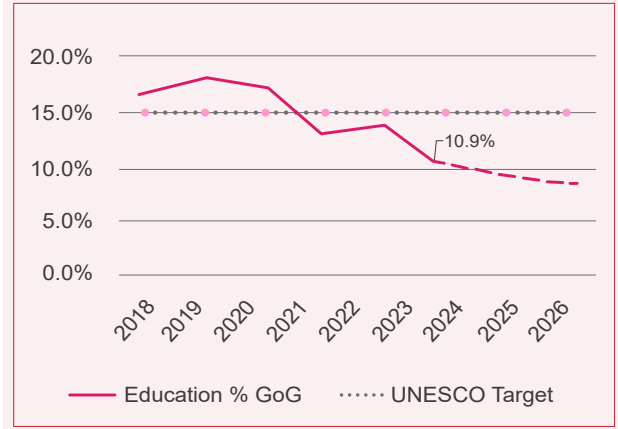


Fig. 6: Education Budget % of GDP



The MOE budget is well balanced between critical inputs, indicating strong allocative efficiency at the planning stage. 67% of the budget is allocated to compensation, with 21% for goods and services, and 12% for capital. The breakdown of GETFund allocations for 2023 is not available, but these are divided between goods and services and capital, implying a higher share of expenditure in these categories for education as a whole. These allocations should help meet recurrent financing needs (teachers, textbooks, etc.) and allow investment to improve and expand schools.

Following a trend since 2019, the MOE’s expenditure for 2022 differed significantly from the approved budget. It features a higher proportion of resources going to compensation (82%), with a lower proportion used for goods and services (16%), and minimal capital spending (3%). This implies weaker allocative efficiency, with the expenditures on goods and services and capital likely to be too low to address gaps and ensure that schools have the facilities and resources to enable teachers to teach effectively.

Fig. 7: MOE Budget by Economic Classification

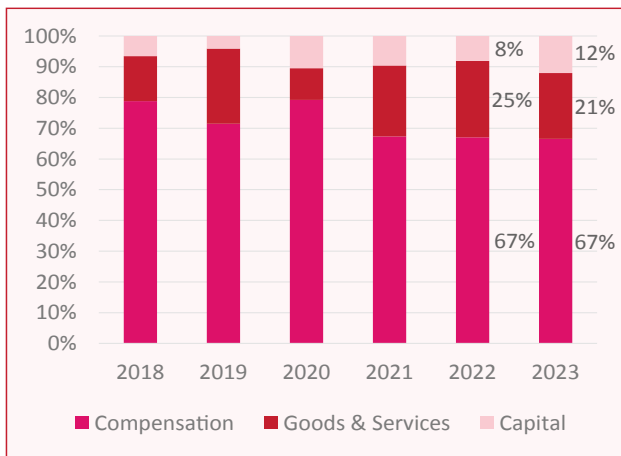
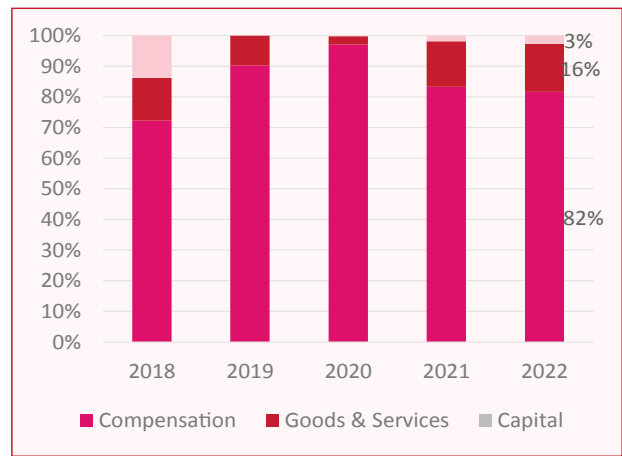


Fig. 8: MOE Expenditure by Category¹⁸



¹⁷ MOF Annual Budget Statements 2018 - 2023

¹⁸ Auditor-General Reports 2018 – 2020, CAGD Annual Report 2021, MOF Annual Budget Performance Report 2022

MOE expenditure indicates challenges with budget credibility. MOE's overall expenditure was equivalent to 121% of the approved budget in 2022, with salaries executed at a rate of 147%, goods and services at a rate of 76%, and capital at a rate of 41%¹⁹. Additional resources for the sector are welcome and indicate strong absorptive capacity, while some variance (+/- 10%) between planned and actual expenditure is to be expected. The variances in Table 1 show that since 2019 spending in every category has exceeded this threshold every year. This is likely to undermine operational efficiency in the sector, as unplanned expenditures are less likely to provide best value-for-money.

Consistent underspending on capital and goods and services risks compounding gaps, while overspending on salaries suggests weaknesses in planning and budgeting processes. In 2022 the MoF too measure to reduce expenditure in the context of lower-than-expected revenues, high debt servicing costs, and the loss of access to financial markets²⁰, but this did not evidently affect the pattern of education expenditure compared to previous years. The recurrent challenges in budget execution demonstrate the need for MOE and MOF to work together to improve budget credibility and ensure expenditures align more closely with approved budgets.

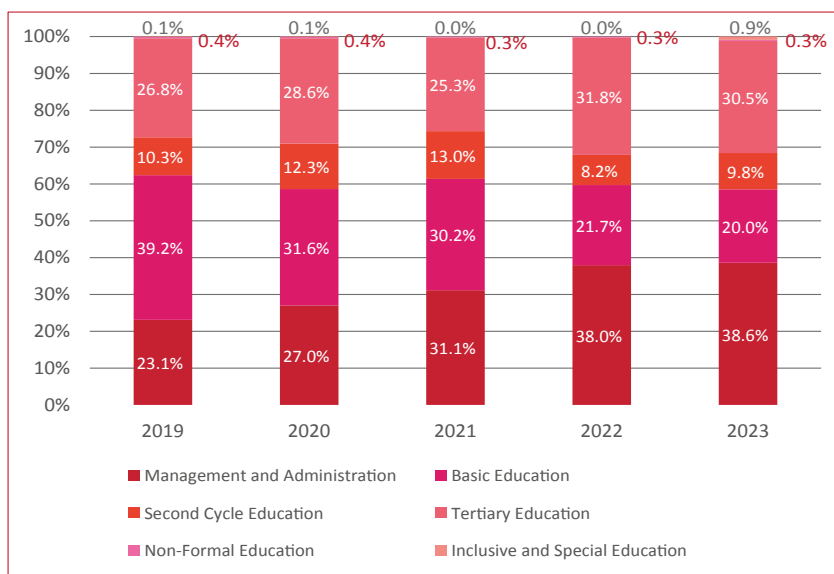
Table 1: MOE Budget Execution by Category²¹

| Category | 2018 | 2019 | 2020 | 2021 | 2022 | Average Variance |
|--------------------|--------|--------|--------|--------|--------|------------------|
| Compensation | 102.7% | 123.5% | 115.0% | 131.6% | 146.8% | +23.9% |
| Goods and Services | 106.8% | 38.6% | 24.6% | 68.6% | 75.9% | -37.1% |
| Capital | 235.6% | 1.3% | 1.8% | 20.5% | 41.0% | -40.0% |
| Total | 112.0% | 97.8% | 93.8% | 106.4% | 120.6% | +6.1% |

The share of the MOE budget allocated to basic education has declined from 39.2% in 2019 to 20% in 2023. Previously basic education was the largest component of the MOE budget, now it receives a lower allocation than either tertiary education (30.5% in 2023) or management and

administration (38.6% in 2023). Basic education delivers significantly higher returns on investment than higher levels of education and is the level of education accessed by the broadest part of the population.

Fig.9: MOE Budget by Programme²²



¹⁹ Auditor General Reports 2018 – 2020, CAGD Annual Report 2021, MOF ABPR 2022

²⁰ World Bank, 2023. '7th Ghana Economic Update. Price Surge: Unraveling Inflation's Toll on Poverty and Food Security'

²¹ Auditor General Reports 2018 – 2020, CAGD Annual Report 2021, MOF ABPR 2022

²² MOGCSPP Programme Based Budgets 2018 - 2023

Key Issues

1. Prioritise investment in basic education
2. Address inequities in provision and per-pupil spending
3. Use proven, cost-effective approaches to improve learning



Prioritise investment in basic education

Ghana has made remarkable progress in achieving equitable access to basic education, but learning levels remain low. Basic education in Ghana covers kindergarten (KG), primary, and junior high school (JHS). Foundational learning acquired during these years provides a basis for children to progress to high levels of education and ensures they have basic functional literacy and numeracy.

Reflecting this importance, the Education Sector Plan 2018-2030²⁴ establishes that by P4, all children in Ghana should have learned to read fluently with comprehension, acquired the fundamental mathematical competencies, and are developing resilient socio-emotional skills. Yet, the 2021 National Standardized Test results for P4 students showed that half of students score below basic proficiency in English and maths²⁵. As English is the language of instruction from P4 onwards, pupils' learning in all areas relies on this proficiency²⁶.

Persistent gaps between gross enrolment ratios²⁷ and net enrolment ratios indicate that many children are failing to gain the required skills and transition to the higher levels of education. While progress has been made with accessing basic education, yet slight declining rates of students at the JHS as they progress is of concern and needs further investigation, especially with the introduction of the SHS.

KEY FACT



50%

Of Primary Four students in Ghana score below 'basic' in English²³



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Overall declines in enrolment at the JHS level are concerning cause for concern which requires further investigations. Renewed efforts are needed to encourage communities to send their children to school and to ensure they learn.

²³ MOE and GES. 'Ghana 2021 National Standardized Test results'

²⁴ MOE Education Sector Plan 2018-2030

²⁵ MOE and GES. 'Ghana 2021 National Standardized Test results'

²⁶ MOE, 2007. 'Teaching Syllabus for English Language'

²⁷ Gross enrolment ratio refers to the total number of students at each level compared to the number of children in the corresponding age-cohort. Net enrolment ratio excludes those students who would have been expected to move onto a higher level of education.

Table 3: Gross Enrolment Ratio and Net Enrolment Ratio in Primary and Junior High²⁸

| Academic Year | KG GER | KG NER | Primary GER | Primary NER | JHS GER | JHS NER |
|---------------|--------|--------|-------------|-------------|---------|---------|
| 2016/17 | 115% | 75% | 111% | 91% | 87% | 50% |
| 2017/18 | 112% | 74% | 106% | 89% | 86% | 48% |
| 2018/19 | 114% | 73% | 105% | 87% | 86% | 48% |
| 2019/20 | 111% | 71% | 98.3% | 80.3% | 83.2% | 45.8% |
| 2020/21 | 106% | 89% | 99.3% | 78.9 | 84.6% | 44.9% |

Key interventions

Quality of teaching - Investments in continuous professional development (CPD) is critical for basic teachers to understand the subject and content.

Provision of Teaching and Learning Resources – adequate funding needs to be provided for goods and services, to ensure teachers have the resources they need.

Raise awareness at the local level about the extensive and enduring benefits of basic education.

2 Address inequities in provision and per-pupil spending

Well-trained teachers are one of the most important components of a quality education system. Spending on compensation constitutes the majority of education spending in Ghana, and around the world. Within Ghana, the pupil-teacher ratio (PTR) varies between regions, especially at kindergartens and primary schools. Several regions have high PTRs. Several regions have high pupil teacher ratios (i.e. >35) at kindergarten and primary level, with North East and Savanna showing particularly high levels. These differences in pupil-teacher ratios imply large differences in overall education spending per child, and implies that differences in PTRs between regions translate into significant spending differences. Per-pupil spending is estimated to be at least twice as high for a child in kindergarten in Bono as in North East or Savanna.

KEY FACT



There are major **inequities in the distribution of teachers** across Ghana, and thus large difference in **education spending per child**.



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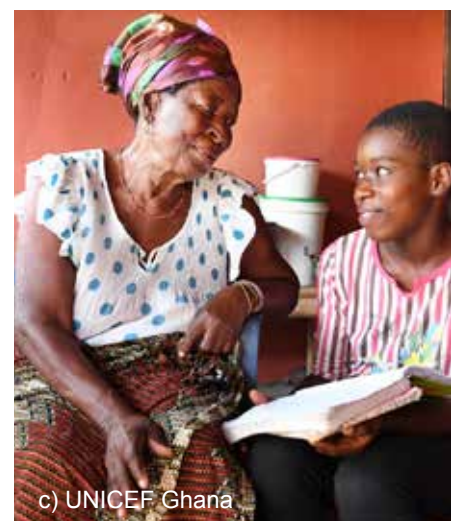
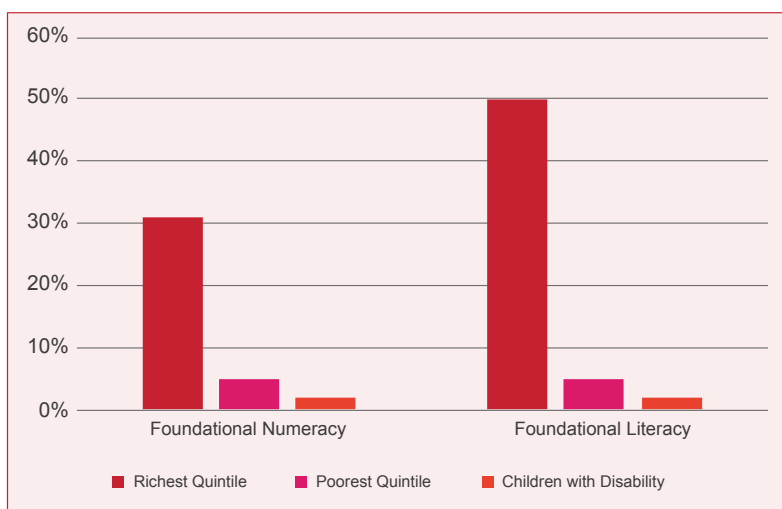
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²⁸ Provisional data - EMIS 2022/23,

Table 4: Pupil Teacher Ratios in Basic Education and Average BECE Results by Region²⁹

| | Kindergarten PTR | Primary PTR | Mathematics | English Language | Ghanaian Languages |
|---------------|------------------|-------------|-------------|------------------|--------------------|
| Ashanti | 25 | 28 | 55.7% | 38.6% | 65.7% |
| Bono | 22 | 26 | 62.8% | 38.2% | 65.8% |
| Central | 31 | 34 | 49.0% | 37.5% | 59.5% |
| Eastern | 25 | 27 | 41.9% | 34.8% | 59.8% |
| Greater Accra | 28 | 37 | 49.7% | 44.4% | 56.7% |
| Northern | 41 | 31 | 45.4% | 31.1% | 53.8% |
| Upper East | 35 | 34 | 35.6% | 28.5% | 44.9% |
| Upper West | 37 | 32 | 30.7% | 28.1% | 36.0% |
| Volta | 26 | 28 | 34.5% | 30.9% | 50.4% |
| Western | 35 | 35 | 57.3% | 38.3% | 61.5% |
| Ahafo | 25 | 27 | 62.8% | 38.2% | 65.8% |
| Bono East | 31 | 28 | 62.8% | 38.2% | 65.8% |
| North East | 65 | 40 | 45.4% | 31.1% | 53.8% |
| Savanna | 78 | 46 | 62.8% | 31.1% | 53.8% |
| Oti | 38 | 32 | 34.5% | 30.9% | 50.4% |
| Western North | 38 | 29 | 57.3% | 38.3% | 61.5% |

In Ghana the share of children from the richest quintile (31%) with foundational numeracy skills is 6 times higher than those from the poorest quintile (5%). This gap is even wider in reading skills - children from the richest quintile (50%) with foundational reading skills is 10 times higher than those from the poorest quintile (5%). When comparing by disability, only 2% of children with concentration disability have numeracy skills. This is about 8 times lower than those who have no functional difficulty (17%)³⁰.

Fig. 10: Foundational Numeracy and Literacy Amongst Different Groups³¹

²⁹ MOE 2021 Education Sector Performance Report

³⁰ Ghana Statistical Service 'Multiple Indicator Cluster Survey 2017/18

³¹ Ghana Statistical Service 'Multiple Indicator Cluster Survey 2017/18

Key interventions

Prioritise recruitment, redeployment, and retention of teachers to underserved areas

Target additional resources and support to schools and regions with lower learning outcomes, and children with additional needs

3**Use proven, cost-effective approaches to improve learning**

International³² and local³³ evidence indicates a number of ‘smart buys’ in education that offer high returns. These include:

- Provide information on the benefits of education and quality of schools to local communities
- Structured lesson plans with linked materials and support for professional learning sessions focusing on phonics and teaching at the right level.
- Target teaching instruction by learning level, not grade.
- Invest in ensuring that textbooks and other teaching and learning materials reach classrooms.
- Provide structured, on-the-job education leadership training for all basic education schools.
- Explore new resourcing mechanisms for basic education, including results-based financing.
- Assist Regional, Metropolitan, Municipal and District Education Offices to prioritize objectives and oversee their achievement, providing supportive supervision to this end.
- Consider ways of decentralizing decision making and enhancing local accountability.



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³² World Bank, 2023. ‘Cost-effective Approaches to Improve Global Learning – What does Recent Evidence Tell Us are “Smart Buys” for Improving Learning in Low- and Middle-income Countries?’

³³ UNESCO, 2022. ‘Spotlight on Basic Education Completion and Foundational Learning in Ghana’