



PRELIMINARY STATEMENT ON THE 2023 EDUCATION BUDGET

On Thursday November 24th, 2022, the Minister of Finance, Honourable Ken Ofori-Atta, presented the President's 2023 budget to Parliament. Eduwatch presents a preliminary review of the education section of the national budget. The review is informed by the key principles of allocative efficiency and Ghana's international commitment to education and its financing.

General observations

1. Out of the projected government expenditure of GHC 205 billion, GHC 24.7 billion¹, representing 12% of the total budget, is allocated to the education sector. This represents an increase of 21% from the 2022 allocation of GHC 20.3 billion. However, this is not only one of the lowest proportions of government budget allocation to the education sector in about two decades, but also raises concerns about Ghana's ability to meet the upper limit of the international education financing benchmark of 15% to 20% of public expenditure and 4%-6% of GDP.
2. Of the GHC 24.7 billion allocation to education, only GHC 1.8 billion is from the GETFund, against total GETFund levy accruals of GHC 4.6 billion. This suggests that, only 39% of the GETFund levy proceeds has been allocated to GETFund for education financing.

The following section analyses the main budget statement. This excludes GETFund, whose distribution/utilization formular is usually approved by Parliament in the first quarter of the financial year i.e. 2023.

3. Out of the total budget allocation to education, GHC 15.2 billion, representing 66.5% of the allocation is earmarked for salaries and related expenses (compensation). While this constitutes an increase of 27% from the 2022 allocation of GHC 11.9 billion, the percentage allocation to compensation, however, declined by about 0.7% from 67.2% in 2022.

¹ This includes a GETFund allocation of GHC 1.8 billion for 2023

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4. Out of the total allocation to education, GHC 2.7 billion, representing 12.1% of the total education allocation, is earmarked for Capital Expenditure (CAPEX), where education infrastructure is financed. This, compared to the 2022 allocation of GHC 1.4 billion, represents an increase of 92%.
5. The non-salary recurrent cost of running education is financed from the Goods and Services budget. This includes the free SHS, Capitation Grant, Teaching and Learning Resources and other quality improvement interventions. Out of the total allocation to education, GHC 4.9 billion, representing 21.4% of the education budget is allocated to Goods and Services. This, compared to the 2022 allocation of GHC 4.4 billion, does not only represent an increase of 11%, but indicates an increase in the proportion of education budget spent on Goods and Services from 17.9% in 2022 to 21.4% in 2023.
6. Out of the GHC 4.9 billion allocated to Goods and Services in the 2023 education budget, GHC 2.95 billion (60%) is earmarked for financing the free Senior High School (free SHS) programme. This constitutes an increase of 26% from the 2022 allocation of GHC 2.3 billion. Also, the percentage of the Goods and Services budget allocation to free SHS has increased from 52% in 2022 to 60% in 2023.
7. Out of the allocation to education, GHC 241 million, representing 1.05% of the total allocation is earmarked for the payment of teacher trainees' allowances. While the same amount was allocated in 2022, the percentage allocation represents a decline from 1.36 % in 2022.
8. The government has announced a freeze on public-sector employment for 2023. Bearing in mind that the majority of newly recruited teachers are posted to rural and underserved districts, this is likely to affect teacher deployment in rural schools negatively.
9. Under the Ministry of Gender, Children and Social Protection, GHC 969 million was allocated to the Ghana School Feeding Programme (GSFP).



Call for action

1. The declining proportion of the national budgetary allocation to the education sector has a strong potential to negatively affect the attainment of the Sustainable Development Goal 4 targets, especially at the basic education level. Government must take steps to augment the deficit in the 2023 supplementary budget and revise the medium-term expenditure framework to reflect its international commitments on education financing, as well as the real needs of the Sector.
2. Eduwatch appreciates the advocacy of the Parliamentary Select Committee on Education towards uncapping GETFund and prioritizing basic education in the distribution of GETFund. The Committee must insist that the 2023 formula for distributing GETFund allocates 30% of the Fund's infrastructure budget to basic education before approving the formula.
3. The Minister of Finance should explain to Parliament why the 25% capping of the GETFund could possibly lead to an allocation of only 39% of accruals to the GETFund levy. The continuous capping of GETFund is inimical to education development, especially at the basic level where the infrastructure gap continues to widen.
4. There are 1.2 million children out of basic school in Ghana, mainly because of huge deficits in the availability of public basic schools in underserved communities. This, coupled with the over 5,000 basic schools taking place under trees, sheds and dilapidated structures, and the lack of Junior High Schools in about 4,000 primary schools must be enough reason for the government to listen to calls by Parliament and Civil Society for uncapping the GETFund.
5. On the freezing of public sector recruitment in 2023, the Ministry of Education must explain whether there are some exemptions for the education sector, and/or announce stop-gap measures to augment existing and anticipated teacher deficits in rural schools in 2023.



6. The continuous spending of over GHC 200 million annually in feeding and stipends for adult students in tertiary Colleges of Education is wasteful. Government must migrate all needy teacher trainees unto the guarantor free students' loan scheme and rather strengthen its effectiveness by ensuring prompt payment of the students' loan.
7. Even though the government in the 2022 budget announced an increment in the GSFP beneficiaries from 3.4 million to 4 million children, this could not materialise. It is unfortunate that, in this time of severe economic difficulty in many households, the 2022 promise was not redeemed to enable 600,000 more 'poor' children benefit from a hot meal a day in 2023. The Ministry of Finance should take steps to redeem the promise of feeding 600,000 more children in subsequent budgets. Promises to children must not be broken!

A full report on the education budget analysis will be published in December after the appropriation process is completed.

Accra, 29th November 2022

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