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Education Budget Brief

Investing in child education in Rwanda

2020/21

Education Budget Brief: Investing in child education in Rwanda
2020/2021

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Preface

This education budget brief explores the extent to which the Government of Rwanda addresses the educational needs of children and young people. The brief analyses the size and composition of budget allocations to the Education Sector for the fiscal year 2020/21, as well as the adequacy of past spending. It aims to synthesize complex

budget information and offer recommendations to strengthen public investments in children. The analysis is based on figures from the 2020/21 finance law and the revised budget for previous years. The analysis covers only the allocations to MINEDUC, affiliated agencies and districts, while also investigating the indirect contribution of other sectors to education.

Key Messages and Recommendations

- **The budget allocation to the Education Sector has substantially increased to 492.0 billion in 2020/21 up from FRW 313.4 billion in the 2019/20 revised budget, reflecting a nominal increase of 57.0 percent.** The increase is attributed to the government's commitment to increase the number of classrooms and provide ICT services, especially in the context of COVID-19.
- **The budget increase is consistent with the costed Education Sector Strategic Plan (ESSP) 2018-2024 and the financing gap is narrowing.** The gap is measured at 8.5 percent when compared to the ambitious cost scenario of fully achieved ESSP targets, and further reduced to 0.7 percent when compared with the pragmatic scenarios (50 percent implementation of new plans). While Rwanda is entering the second half of the ESSP, there is a need to increase efforts and implement strategic measures toward achieving key targets.
- **The Government of Rwanda is committed to strengthening the quality of learning at all levels of education.** In 2020/21, the government has allocated FRW 143.7 billion (up from FRW 41.6 billion in 2019/20) for quality enhancing programs, such as education standards, ICT and infrastructure development, curricula and pedagogical material development. But the allocation for teachers' development declined compared to the 2019/20 budget. There is a need for MINEDUC to re-prioritize teachers' development to ensure a holistic approach, as well as strengthening the quality of learning and their capacity of working under COVID-19 situation.
- **The education budget allocated to decentralized entities (districts) has significantly increased from FRW 127.9 billion in 2017/18 to 243.2 billion in 2020/21 as result of increases in teachers' salary and school infrastructure.** However, its share in comparison to the total education budget has been declining from 53.9 percent in 2018/19 to 49.4 percent in 2020/21. Increasing allocations at decentralized levels will need to be supported by stronger accountability measures at local levels to ensure resource efficiency and effectiveness.
- **The external financing for education accounts for 36.5 percent of the budget allocated to the Education Sector, up from 21.8 percent in 2019/20.** The recent increase is partly attributed to external grants and government borrowing to increase the quality of education and TVET. However, there is a notable financing need to cater for sector budget requirements, especially on (i) teacher capacity building, (ii) inclusive education, as well as (iii) quality education at all levels. In addition, there is a need for further analysis of the fiscal space for education amid the COVID-19 crisis which has heavily affected Rwanda's macroeconomic landscape.



Section 1: Introduction

1.1. Education Sector Overview

From March to October 2020, the COVID-19 outbreak has shut down all schools in Rwanda. The Education Sector has been severely affected by the COVID-19 crisis from the onset. It is estimated that 2,512,465 children who otherwise would be in primary school missed out on appropriate learning opportunities in education institutions, as well as 732,104 secondary school children and adolescents. However, significant effort was made to promote home-based learning through radios and television. The Government of Rwanda has been working hard to set up mechanisms for the safe reopening of schools. The Education Sector is coordinated by the Ministry of Education (MINEDUC), whose mission it is to ensure equitable access to quality education by focusing on combating illiteracy, promoting science and technology, and developing critical thinking and positive values.

By implementing education policies, MINEDUC is supported by other affiliated agencies including; the Rwanda Education Board (REB) responsible for pre-primary, primary and secondary school programs; the Workforce Development Authority (WDA) responsible for Technical and Vocational Education and Training (TVET) and Rwanda Polytechnic Higher Learning Institution (RP); the Higher Council of Education (HEC) responsible for university accreditations and tertiary schools regulation and oversees the functions of higher education financing; and the districts (decentralized entities) responsible for daily management of schools at local level. Rwanda's Education Sector has seen significant developments across all education levels over the recent years.

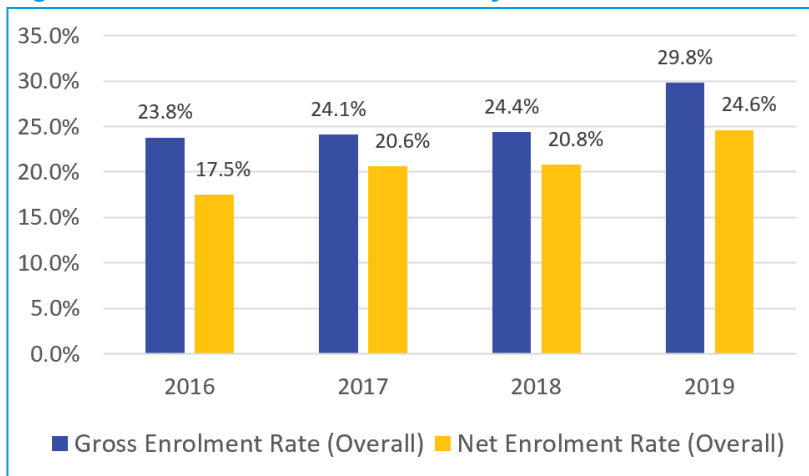


Pre-primary education has seen growth in recent years, with the net enrolment rate (NER)ⁱ increased from 17.5 percent in 2016 to 24.6 percent in 2019. The gross enrolment rate at pre-primary level has also increased from 23.8 percent to 29.8 percent during the same period (**Figure 1**). For the Government of Rwanda to achieve NTS1 targets of expanding access to pre-primary to 41.5 percent net enrolment, there is a need to double the efforts of promoting pre-primary access, once schools reopen and in subsequent years.

The primary school to secondary school transition rateⁱⁱ remained above 71 percent for both boys (71 percent) and girls (72.3 percent) in 2019. However, the school drop-out rate shows an upward trend from 6.7 percent in 2018 to 7.8 percent (**Figure 2**). Both drop-out and repetition remain pressing issues within the Rwandan education system.

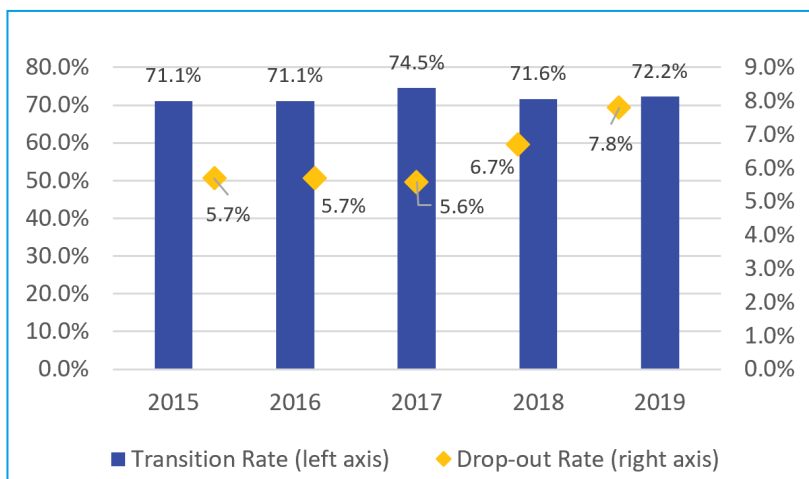
The ratio of pupils to qualified teachers has continued to marginally improve over the past four years, from 62:1 in 2015 to 57:1 in 2018. However, in 2019, these indicators slightly deteriorated with an increase in the ratio (**Figure 3**). To reach the ESSP target of 52:1, there is a strong need for increased investments in the recruitment, retention and training of teachers to further reduce the ratio of pupils to qualified teachers.

Figure 1: GER and NER for Pre-Primary Education



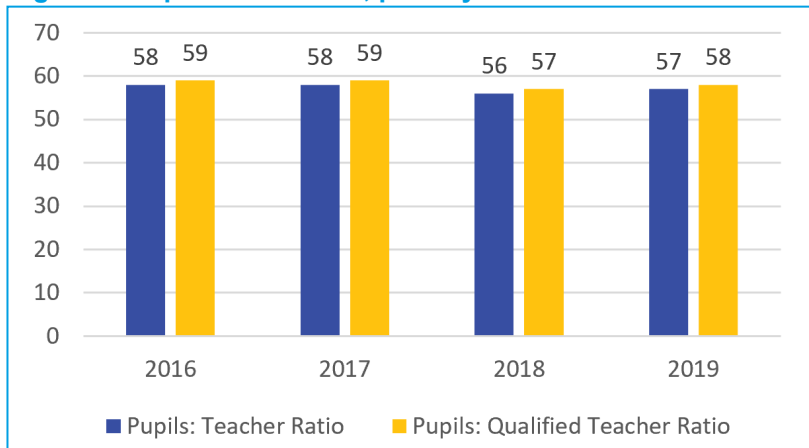
Source: Ministry of education, annual statistical yearbooks

Figure 2: Dropout and transition rates, primary

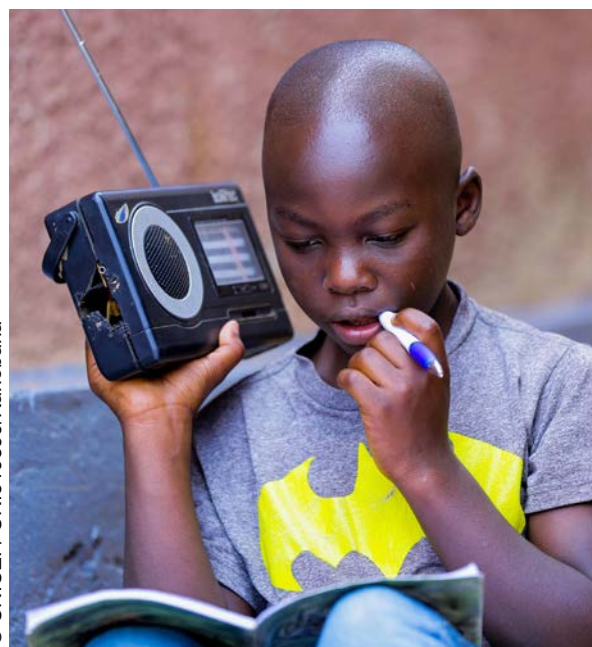


Source: Ministry of Education, Annual statistical yearbooks

Figure 3: Pupil-teacher ratio, primary



Source: Ministry of Education, Annual statistical yearbooks





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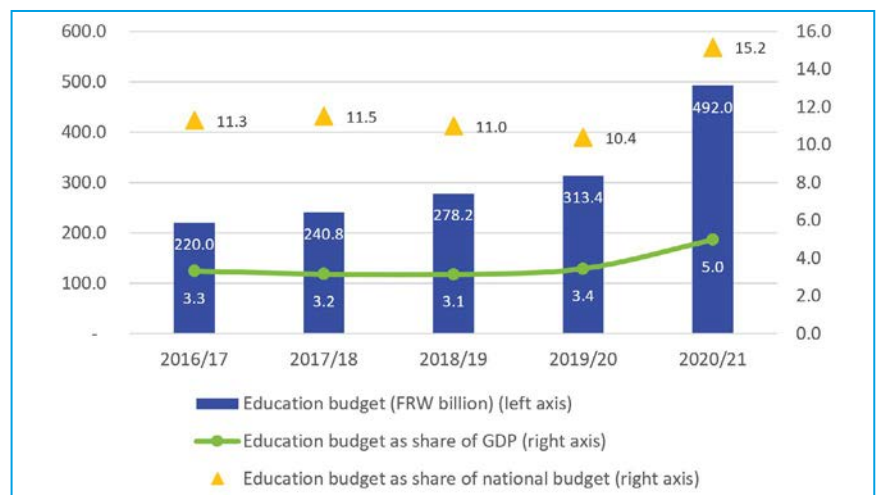
While it is still early to predict the outcome of school closure, the evidence from earlier studies (UNDG, 2015) suggest that the following adverse effects could occur, when school closure takes a longer time;

- Children from poor households who were significantly depending on school feeding programs as core subsistence source are deprived from this service,
- Children will be more involved in supporting income-generating activities for the household, such as in farming and other household productive works,
- Reduction in school attendance and increased likelihood of drop-out,
- Increased learning time which may result in losing out on education and fatigue,
- Furthermore, after the lockdown period, some parents may not directly bring their young children back to ECD centers (out of fear) or because of financial constraints in the aftermath of COVID, thus reversing the positive increase of ECD services that Rwanda has observed over the past years.

Section 2: Size of Spending Under the Education Sector

The budget allocated to the Education Sector shows a significant increase from FRW 313.4 billion in the 2019/20 revised budget to FRW 492.0 billion in 2020/21, reflecting an increase of 57 percent. The share of the education budget in the national budget increased from 10.4 percent to 15.2 percent, and the education budget as a share of GDP also increased from 3.4 percent to 5 percent (**Figure 4**). The recent budget increase is attributed to the Government of Rwanda's strong commitment to construct around 20,000 classrooms and hire more teachers both in primary and secondary schools.

Figure 4: The Education budget in nominal FRW billion and as % of total budget and GDP



Source: Calculated using national budgets laws and macro-framework data

The education budget increases further when the budget for other sectors (Social protection, Health, Public Finance Management and Electricity) contributing to education are taken into consideration. In 2020/21, the Government of Rwanda has allocated FRW 52.6 billion to different public institutions contributing indirectly to education. This represents 10.7 percent of the education budget (direct). Therefore, a combination of direct and indirect budget for education increases the budget share in the national budget to 16.8 percent.

2.1. The Education Budget Against National Commitments

The gap between budget allocations and the costed ESSP is narrowing. The ESSP presents three costed scenarios for developments in the Education Sector between 2018-2024. These are a 'Business as usual' situation in which the education sector maintains the current pace of innovations, a "pragmatic scenario," envisioning that "most of new initiatives shall be implemented by 50 percent", and an 'ambitious scenario' in which all new initiatives are fully implemented. **Table 1** provides the various

ESSP cost scenarios and respective funding gaps when compared to the allocated budget in 2020/21. The financing gaps are getting narrower. By considering the ambitious scenario, the financing gap is only 8.5 percent, while by considering the pragmatic scenario, the sector financing gap is 0.7 percent. This indicates that, if the trend continues, the ESSP will achieve its financing targets for education development. However, more efforts are needed to link the education finances with the sector outcomes.

Table 1: Education Budget Allocations against ESSP Cost Estimates

Financing Scenarios	2020/21 Costed plans	Allocated Budget	Funding gap by ESSP
Scenario 1: ESSP implemented fully implemented	538,038,096,187	492,048,498,248	45,989,597,939 (8.5%)
Scenario 2: Most new initiatives implemented by half	495,654,872,586		3,606,374,338 (0.7%)
Scenario 3: Business-as-usual	480,001,266,896		N/A

Source: MINEDUC-ESSP 2018/19 – 2023/24 and National budget law 2020/21

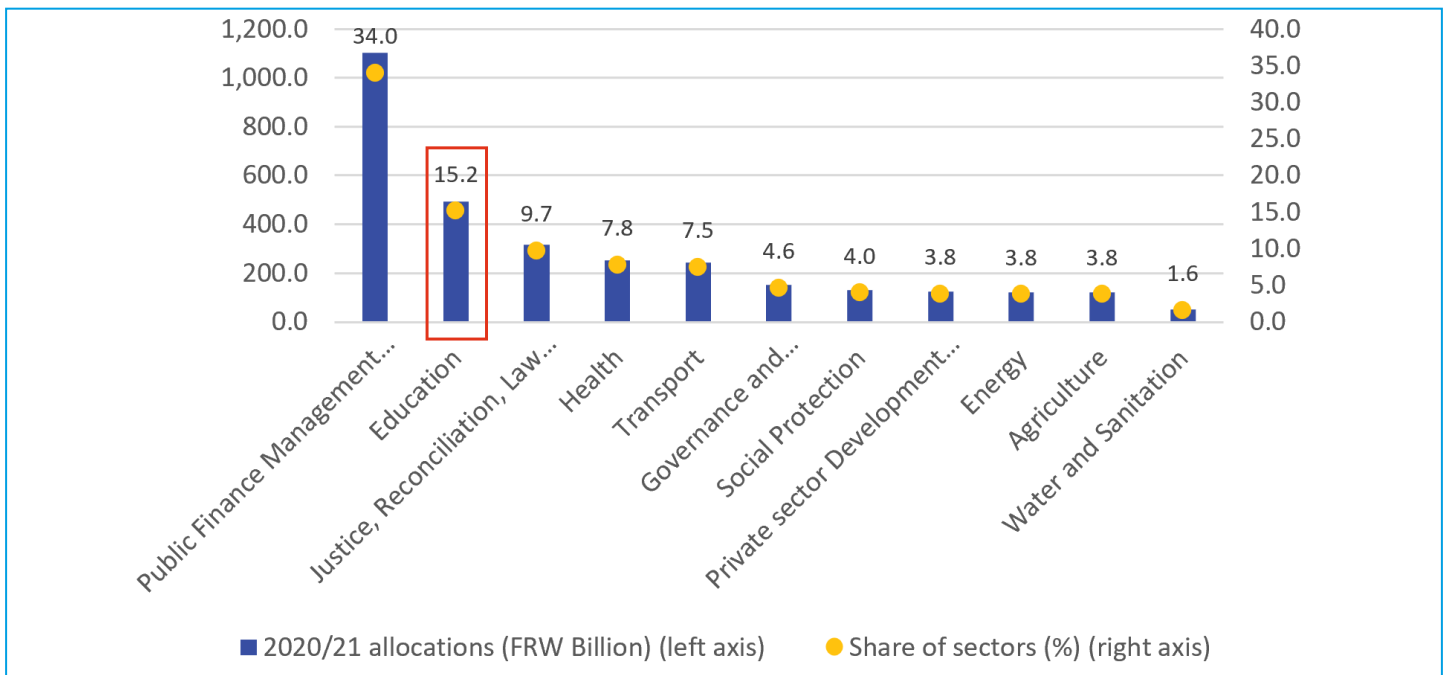


2.2. The Education Sector Budget Allocation among Other NST1 Sectors

In comparison with other NST1 sectors, the Education Sector allocation continues to take the second position among the most prioritized sectors in Rwanda with 15.2 percent of total national budget,

after public finance management (33.8 percent), the latter covers the allocations for executive offices, legislative organs, financial and fiscal affairs, and external affairs and net lending (**Figure 5**).

Figure 5: Budget Allocations by NST1 sectors in FRW billion and as a % of Domestic Budget and GDP



Source: Calculated using Rwandan Budget Laws

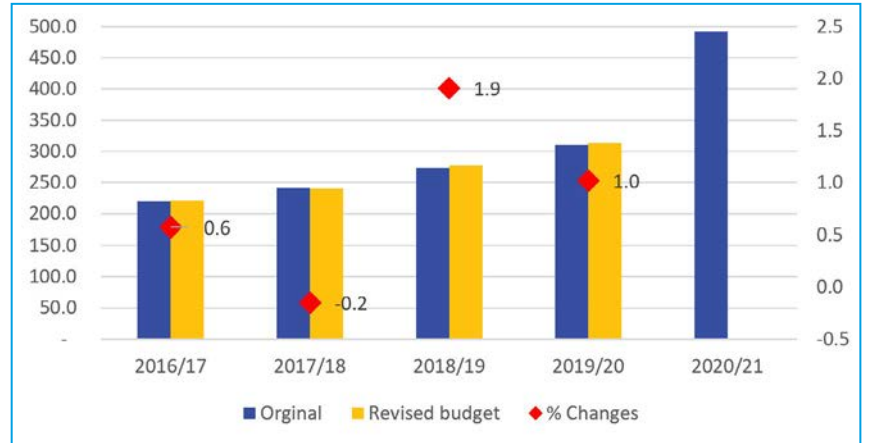


Section 3: Education Budget Changes

3.1. Initial and Revised Education Sector Budget Trends

The Education Sector has been revised upwards for the past two years, indicating the strong commitment by the Government of Rwanda to increase sector financing to deal with emerging need throughout the budget implementation. In 2019/20, the sector budget was revised upwards by 1 percent, while in 2018/19 it increased by 1.9 percent during the budget revision (**Figure 6**).

Figure 6: Trends budget revision (FRW billion and % change)



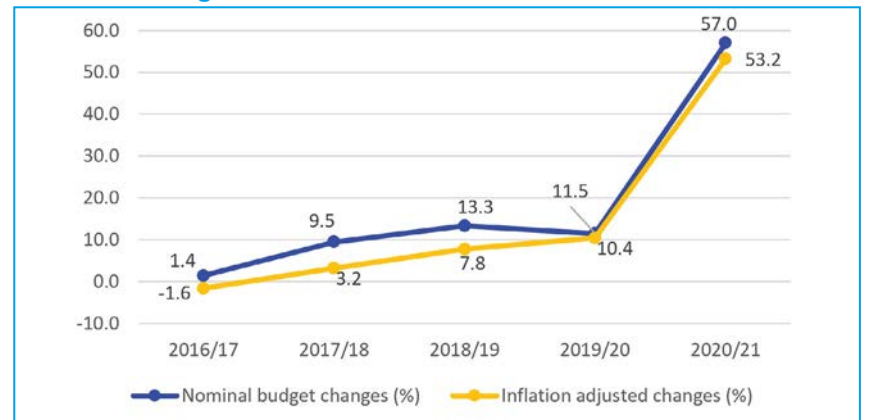
Source: State Budget Laws

3.2. Nominal vs. Real Changes (Inflation Adjusted) in the Education Sector Budget

Inflation has not significantly affected the education budget allocations over the past two years.

Over the past two years, Rwanda has been able to maintain a low level of inflation below the government target (5 percent). Therefore, the gap between nominal and real budget changes has continued to narrow. In 2019/20, the nominal budget change was 11.5 percent against 10.4 percent in real terms while in 2020/21, the real budget changes (Inflation adjusted) are 53.2 percent against 57 percent in nominal increase (**Figure 7**).

Figure 7: Nominal and inflation adjusted changes in the education budget



Source: Calculated using National Budget Laws and Macro framework data



Section 4: Composition of the Education Sector Spending

4.1. Budget Trends by Education Levels

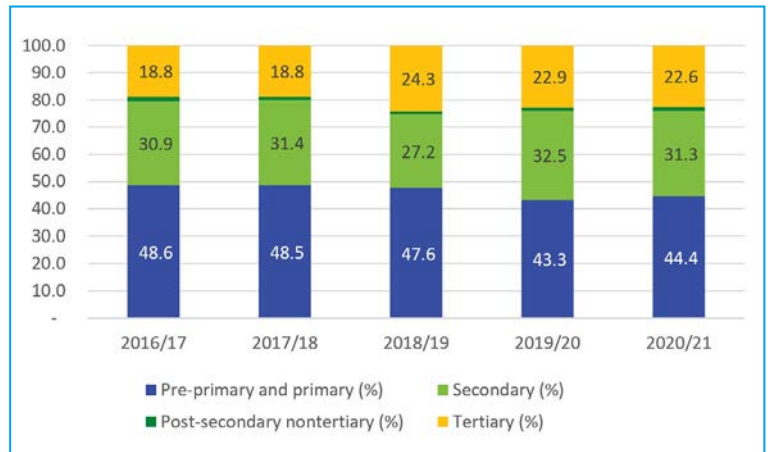
Analysis of the budget allocation share by education levels show that the Government of Rwanda has kept the share of each levels relatively constant. The pre-primary share (%) hovers around 40 percent, almost a third is allocated to secondary education, and at least a fifth of the education budget is allocated to tertiary education (**Figure 8**).

Furthermore, in 2019 a comparison of budget allocation by education category shows that the student population enrolled in pre-primary and primary (combined) accounted for 75.5 percent of the student population and allocated 44.3 percent of the Education Sector budget. The secondary education level accounted for 22.5 percent of the student population and allocated 26.2 percent of the education budget. Tertiary education represented 2.3 percent of the total student population yet is allocated 22.6 percent of education budget (**Figure 9**). There is a need to rethink the allocation strategy to strengthen equity by education level.

4.2. Per student (capita) spending in education levels

The per capita spending by education levels shows that combined allocations for pre-primary and primary increased from FRW 34,345 to FRW 40,282 in the 2019/20 budget, which reflects a per capita increase of 17.3 percent in nominal terms. The five-year analysis (2015-2019) shows that per capita spending for children in pre-primary and primary education levels increased by 69.2 percent. However, the allocation for the secondary school level shows a fluctuating trend between 2015-2019 (**Figure 10**). The per student spending for tertiary education was omitted in comparison due to a very large cost difference.

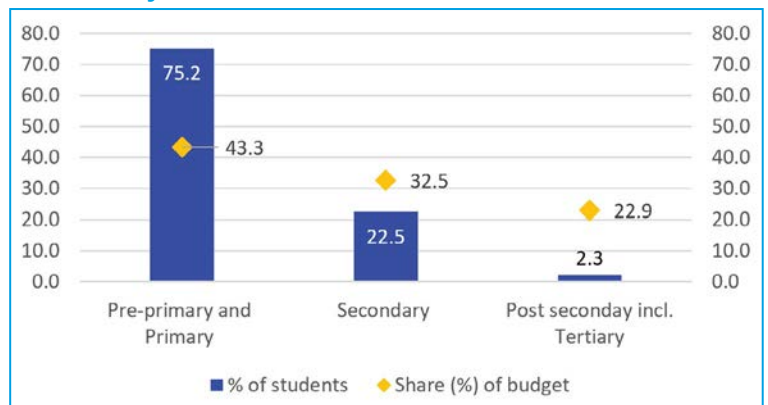
Figure 8: Share of allocated Budget levels**



** Excluding the budget allocated to the areas non classified by levels

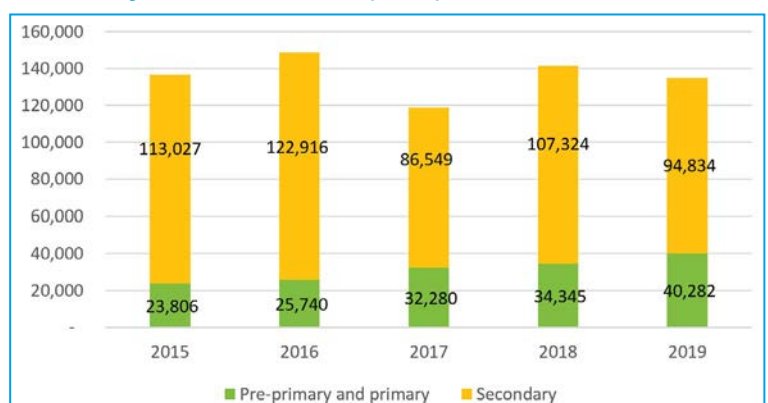
Source: Calculated using National Budget Laws

Figure 9: % Share of budget allocations against % of students by education levels



Source: National Budget Laws & Annual statistical yearbook 2019

Figure 10: Per capita allocation, in (pre)-primary and secondary education levels (FRW)



Source: Calculated using Rwandan Budget Laws and NISR- Population projections 2018

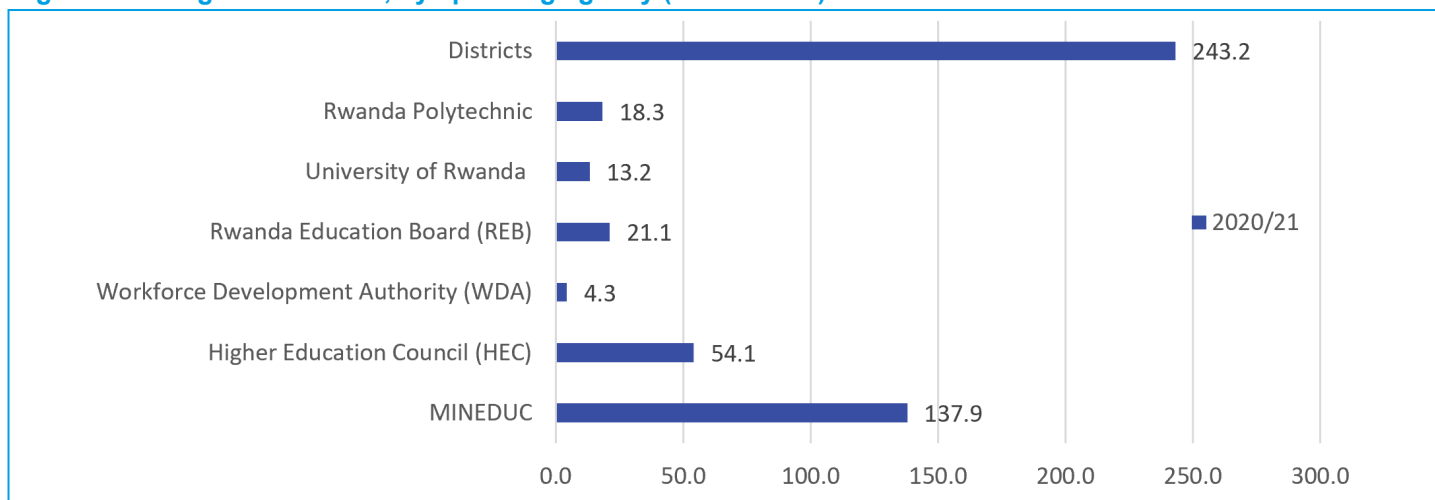
4.3. Education Budget Allocation by Spending Institutions

A significant portion of education sector resources are transferred to districts (decentralized entities). In 2020/21, FRW 243.2 billion or 49.2 percent of the total education sector budget was allocated to districts. This emphasizes the role of decentralized entities in the promotion of quality education in Rwanda. The Ministry of Education (MINEDUC) was allocated FRW 137.9 billion, while the High Council of Education (HEC) was allocated FRW 54.1 billion. The budget for HEC mainly supports the financing of tertiary education through education loans and scholarships (Figure 11). Increased allocation at decentralized levels will need to be accompanied by stronger accountability measures at local level to ensure resource efficiency and effectiveness.



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Figure 11: Budget allocations, by spending agency (FRW billion)

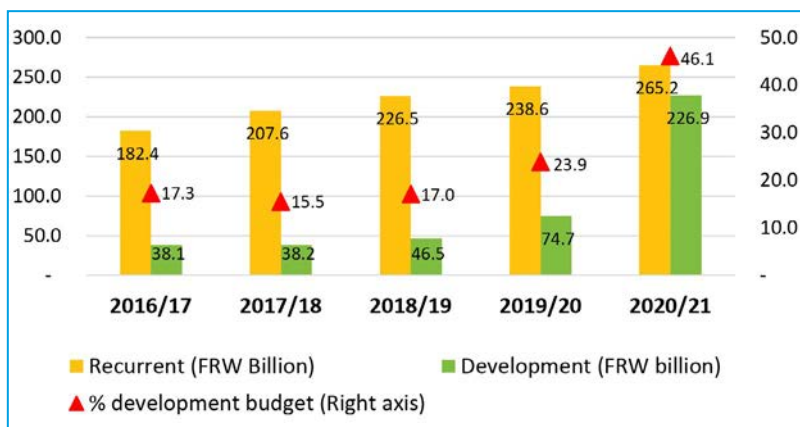


Source: Calculated using State Finance Laws

4.4. The Education Sector Budget by Recurrent and Capital Expenditure Categories

The allocations for education infrastructure and other development projects for education have significantly increased from FRW 74.7 billion in 2019/20 to FRW 226.9 billion in 2020/21. The recurrent budget for education increased up to FRW 265.2 billion from FRW 238.6 billion in 2019/20 (Figure 12). The increase in the development budget under education is partly explained by the government’s decision to scale-up the number of classrooms and other education infrastructure to reduce the congestion and ensure greater quality of education system services.

Figure 12: Education recurrent vs. development categories



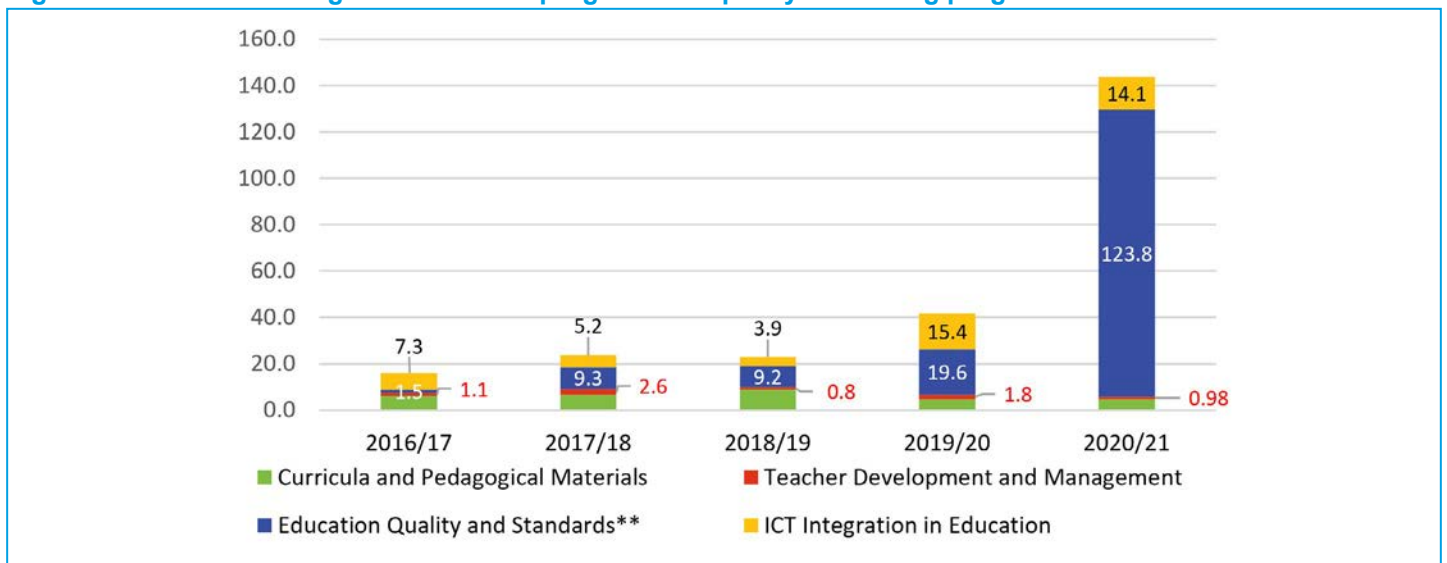
Source: Calculated using Rwandan Budget Laws

4.5. Budget Allocations for Education Quality Enhancement Programs

The Government of Rwanda is investing more in improving the quality of higher education through different initiatives and innovations. These include; (i) education quality and standards including infrastructure, (ii) curricula and pedagogical material development, and (iii) ICT integration in education. In 2020/21, the government has allocated in total FRW 143.7 to education development compared to FRW 41.6 billion in

2019/20. The budget allocation to education quality and standards and ICT promotion programs are the major drivers of the budget increase in quality enhancing programs. However, the budget allocated to support teachers' development has significantly decreased from FRW 1.8 billion in 2019/20 to FRW 980 million in 2020/21 (Figure 13). The teachers' development program needs to be re-prioritized in the budgeting through teacher training to enhance learning quality at all educational levels, taking into account the COVID-19 situation which has severely affected the Education Sector.

Figure 13: Education budget allocation to programs for quality enhancing programs



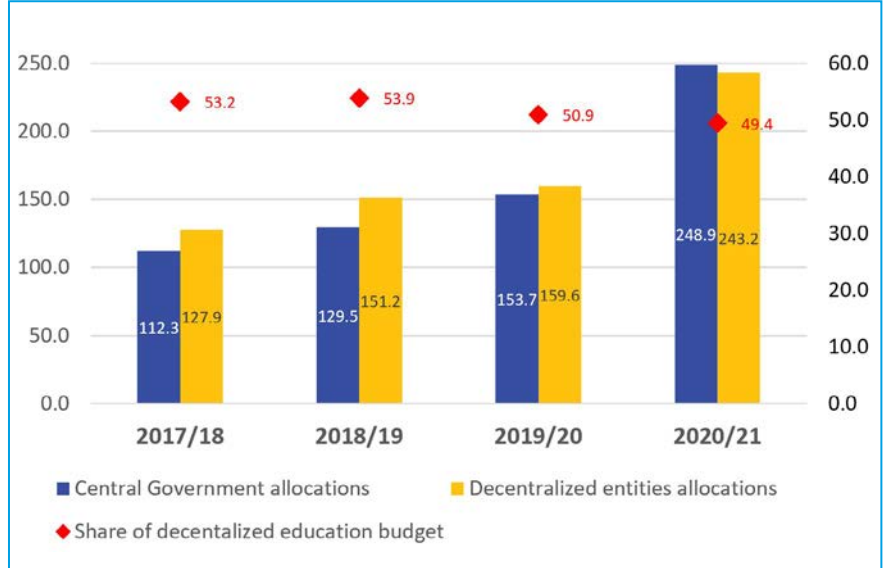
Source: Calculated using Rwandan Budget Laws



Section 5: Decentralization and Education Spending

Education is the most decentralized sector in Rwanda. Formal administrative coordination mechanisms have been established for each district and almost half of the education budget (49.4 percent) is executed through the decentralized entities (districts). While nominally, the budget allocated to districts has significantly increased from FRW 127.9 billion in 2017/18 to FRW 243.2 billion in 2020/21, its share has been declining from 53.9 percent in 2018/19 (Figure 14). The nominal increase of the education budget at district level is attributed to teachers' salary increases and the planned recruitment of more teachers in both primary and secondary education.

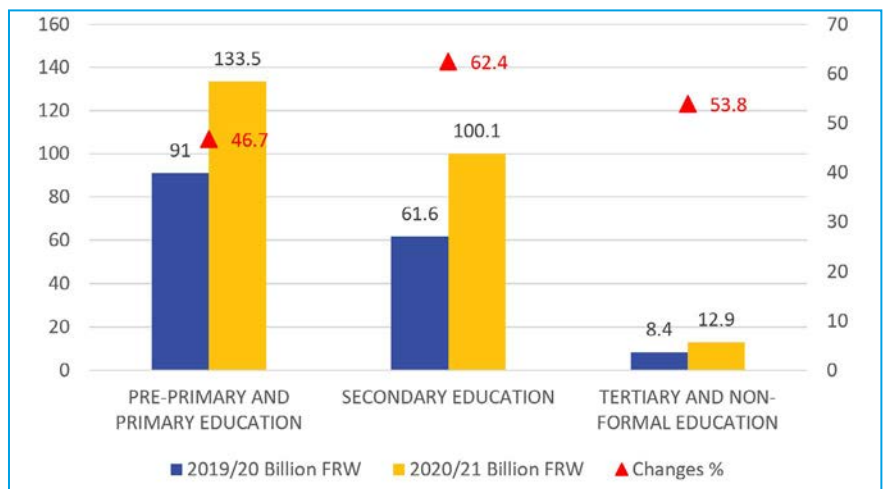
Figure 14: Budget allocations central vs. decentralized



Source: Calculated using Rwandan Budget Laws

Most resources transferred to District Councils are for teachers' salaries and other incentives, including exam costs, capitation grantsⁱⁱⁱ and non-formal education. The government has developed criteria to allocate the education budget at district level to ensure geographical equity. The allocation formula is output-based. All intervention areas recorded an increase in 2020/21, with pre-primary and primary budgets increasing by 46.7 percent. Secondary education increased by 62.4 percent, with the allocation to tertiary and non-formal education increasing by 54.8 percent (Figure 15).

Figure 15: Nominal changes in decentralized budget of Education



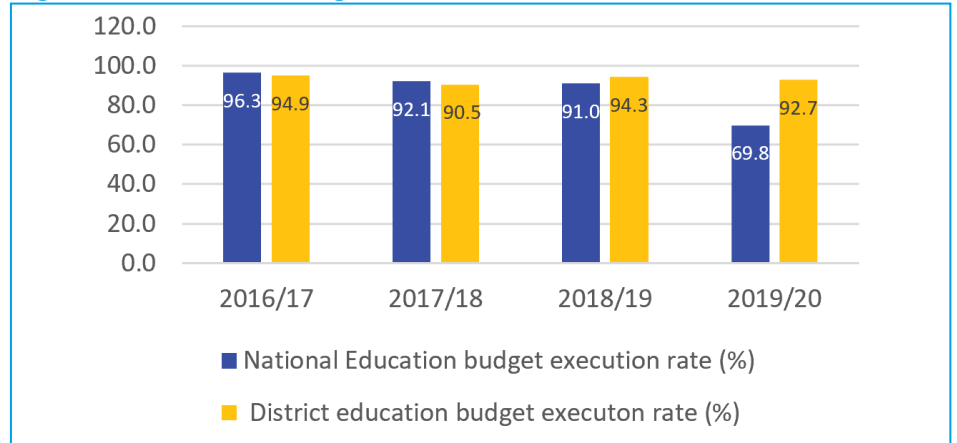
Source: Calculated using Rwandan Budget Laws



Section 6: Education Sector Budget Execution

The budget execution was weak at central government level in 2019/20. The available data indicate that the education budget was executed at 92.7 percent at district level and 69.8 percent at central government level (Figure 16). The decline of budget execution rate is attributed to school lockdown, which has put the implementation of education project from March to June 2020 on hold.

Figure 16: Education budget execution rates



Source: MINECOFIN- Budget execution reports



Section 7: Financing of the Education Sector

While a large share of the education budget comes from domestic resources, the Education Sector has recently attracted external financing sources through external government borrowing and external grants. The external financing component accounts for 36.5 percent of the total government budget allocated to education, up from 21.8 percent in 2019/20 (**Figure 17**).

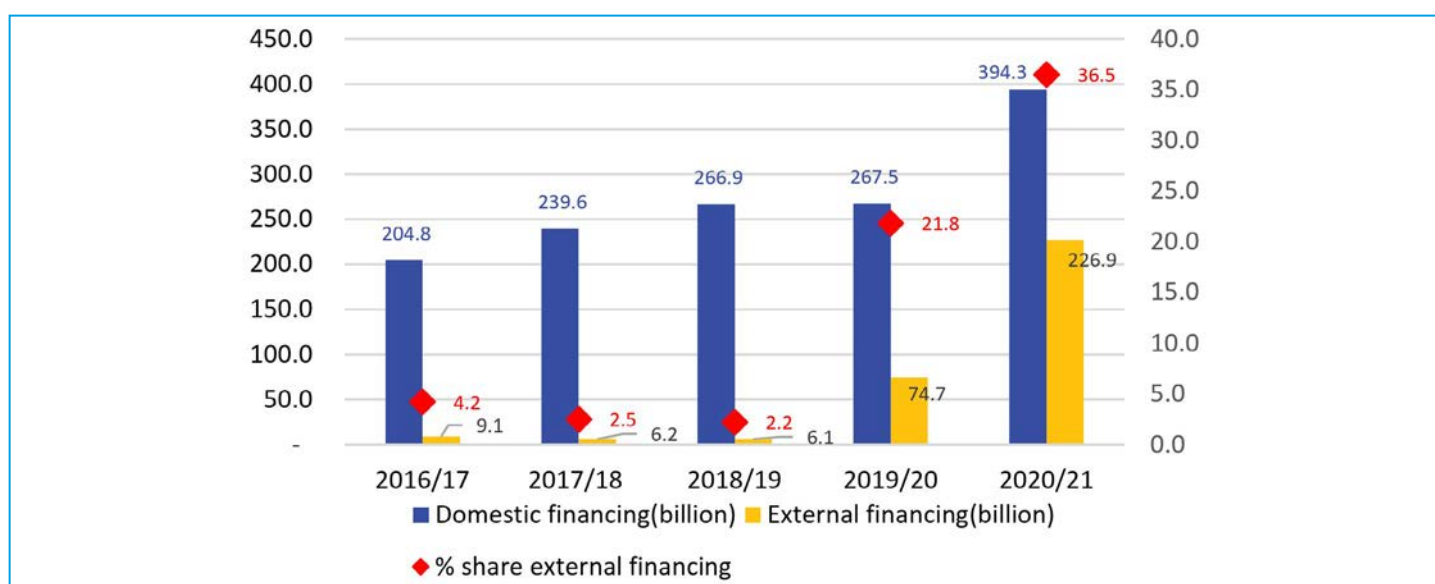
The recent increase in external financing is attributed to external loans and grants to support quality basic education for the Human Capital Development Project supported by the World Bank and the TVET development project by KfW. Other major Education Sector donors include the UK Department for International Development (DFID), USAID, the Global Partnership for Education (GPE), the Korea International Cooperation Agency (KOICA) and UNICEF.

The Government of Rwanda is also leveraging its resources with homegrown initiatives such as engaging the community during school construction, through in-kind support, and engaging faith-based organizations, CSOs, to strengthen their contribution in school improvements or modernization. However, as the Government of Rwanda starts reopening schools, there is a need to establish a support mechanism for vulnerable households who will not be able afford the out-of-pocket expenditure for education such as scholastic materials, uniforms and among others.



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Figure 17: Financing source of the education budget



Source: Calculated using National Budget Laws

Annexes: The other selected sector performance

Annex 1: Strategic documents and targets

Strategic documents	Key performance indicators and targets
<p>National Strategy for Transformation (2017-2024)^{iv}</p>	<ol style="list-style-type: none"> 1. Increase access to pre-primary education; net enrolment rates will reach 45% by 2024 from 17.5% in 2016 2. Improve quality of education at all levels; <ul style="list-style-type: none"> • Schools connected to the internet will increase to 100% by 2024 from 10% in 2016/17 • The primary and secondary schools with access to electricity will increase from 32% and 46% in 2016 to 100% in 2024 3. Strengthen mechanisms to promote completion rates, especially in primary and secondary education <ul style="list-style-type: none"> • Transition rate from primary to lower secondary will increase from 71.1% in 2015 to 92.4% by 2024 4. Ensure that people with disabilities can start school and progress through all levels of education 5. Strengthen Science, Technology, Engineering and Mathematics across all levels of education <ul style="list-style-type: none"> • Achieve 80% of students enrolled in STEM in HLIs and TVETs by 2024 from 44% in 2016 6. By 2024, ensure digital literacy for all youth (16 to 30 years) by achieving a digital literacy rate of at least 60% by 2024
<p>Education sector strategic plan^v 2018/19 - 2023/24</p>	<ol style="list-style-type: none"> 1. All learners achieve basic levels of literacy and numeracy in early grades and beyond 2. All learners enter primary school at the correct age and successfully complete 12 years of basic education 3. All children complete school readiness programs 4. Ensure gender parity in participation and achievement at all levels of education 5. Increased participation and achievement of children and young people with disabilities at all levels of education 6. TVET and HEI programs are responsive to both labor market needs and Rwanda's social and economic development 7. Qualified pupil-teacher ratio in pre-primary, primary and secondary schools shall increase from 1:32; 1:62 and 1:28 in 2015 to 1:32, 1:52 and 1:34 respectively by 2024



Endnotes

- i The net enrolment rate (NER) in primary education is the ratio of the number of children of official primary school age who are enrolled in primary education to the total population of children of official primary school age, expressed as a percentage.
- ii The percentage of students admitted to the first grade of a higher level of education in a given year, when compared to the number of students enrolled in the final grade of the lower level of education in the previous year.
- iii Capitation grants are funds allocated by the Ministry of Education to schools under the basic education program to ensure that all Rwandan children are given an opportunity to attend school.
- iv Ministry of Finance and Economic Planning, 'Seven Years Government Programme (7YGP)', Kigali, Rwanda, 2010, available at: <www.rwandapedia.rw/cmisis/views/workspace%253A%252F%252FSpacesStore%252F1adfd4d9-01e0-4834-8d8a-9b1edb581294>.
- v Ministry of Finance and Economic Planning, 'Education Sector Strategic Plan 2013/14–2017/18', Kigali, Rwanda, 2013, available at: <www.minecofin.gov.rw/index.php?id=163>.

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