

# Education Budget Brief Fiscal year 2020/21

UNICEF Lesotho

This budget brief is one of four that explores the extent to which the national budget addresses the education needs of children under the age of 18 in the Kingdom of Lesotho. It analyses the size and composition of education budget allocations for the fiscal year 2020/21, and offers insights into the efficiency, equity and adequacy of past spending in the sector. The main objectives of this brief are, firstly, to synthesize complex budget information so that it can be easily understood by all stakeholders and, secondly, to put forth key messages which can inform decision-making around policy and budgeting.

Budget data used in this brief were provided by the Ministry of Finance. To adjust expenditures for inflation, the consumer price index was applied to the original baseline information. To obtain inflation-adjusted expenditures, the base year of the consumer price index was changed to that of 2015/16.

## Key messages:

- **The COVID-19 pandemic aggravates education poverty and inequality in Lesotho.** A lot of children in Lesotho were experiencing learning deprivations prior to the crisis and these numbers are likely to increase owing to the pandemic, including in poor and rural areas. To contribute to preventing exacerbation of education poverty and inequality, remote learning opportunities should be made available to all deprived children.
- **Access to education has been severely reduced by the pandemic.** Prior to the pandemic, about 65 per cent of preschool-aged children and 46 per cent of secondary-aged children were out of school. Most learners have not returned to school. The Government endeavours to allow all Basotho children to return to school as soon as possible.
- **Children missing out on education have become vulnerable to many abuses, which put them at high risk of not returning to school.** These include early marriage, teenage pregnancy, child labour and violence. There is a need to closely monitor and urgently address these abuses, which have deterrent effect on access.
- **The education sector's nominal budget will increase by 15.5 per cent (0.503 billion maloti (M)), from M3.236 billion in 2019/20 to M3.739 billion in 2020/21.** This is an important change if compared to the 5.7 per cent increase recorded last year. Timely execution of these resources will contribute to addressing education poverty and inequality.
- **The increase in education's nominal budget will mainly go to tertiary.** Tertiary bursaries alone will receive M0.327 billion (or 65.1 per cent of the total increase) while lower education levels<sup>1</sup> will receive M0.175 billion (or 34.9 per cent of the total increase). This is regressive from an equity perspective, particularly in a year that has seen inequalities in education grow due to the COVID 19 pandemic.
- **Critical sub-sectors will lose budget this year, including hugely underfunded preschool and technical and vocational education and training.** Declining respectively by 29.3 per cent and 38.7 per cent, their budgets will represent 0.16 per cent and 0.86 per cent of total education budget. This will negatively impact foundational and technical and vocational skills in Lesotho.
- **The share of wage bill in education's recurrent budget has declined from 65.5 per cent last year to 61.2 per cent this year, but nominal wage bill will increase by 10.6 per cent from M1.973 billion to M2.183 billion, respectively.** It is important to direct this additional resource to the most affected districts by education deprivations due to COVID-19.
- **Education budget's credibility and execution have all deteriorated, from 98.0 per cent and 97.4 per cent in 2018/19, respectively, to 95.0 per cent and 94.1 per cent in 2019/20.** The Government is encouraged to address underlying reasons for these persistent problems.
- **Education sector's development expenditures are financed exclusively with donor funds this year.** They would decline from M0.200 billion (89.5 per cent of total) in 2019/20 to M0.170 billion in 2020/21. To achieve sustainable financing of critical education investments, domestic resources should contribute more.

## 1. Background

### 1.1 Overview

**The Kingdom of Lesotho's national vision is to have a literate and productive society with well-grounded moral and ethical values.** The Ministry of Education and Training implements this vision through the Education Sector Plan, 2016-2026. The plan prioritizes four key areas: (i) improved education access; (ii) better education quality and equity; (iii) enhancement of relevance and applicability of skills; and (iv) expansion and upgrading of technical and vocational education and training institutions.

**Education opportunities are offered through formal and informal systems.** Formal education is delivered through 2,204 pre-primary schools; 1,478 primary schools; 341 secondary schools; 26 technical and vocational schools; and 14 higher education establishments.<sup>2</sup> Non-formal education aims to give learning opportunities to young people and adults by providing primary and secondary level education.

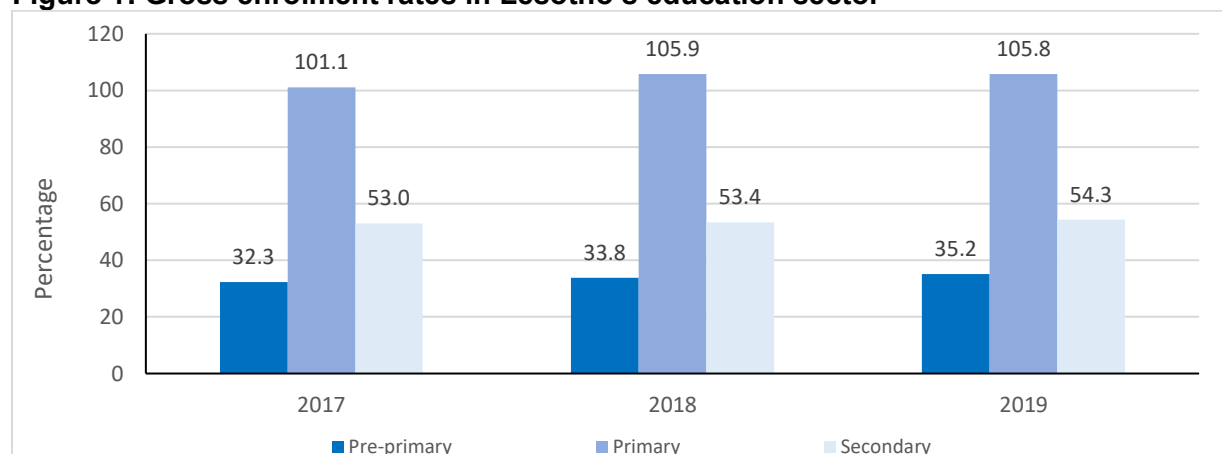
**The Government has created the Lesotho Distance Teaching Centre to bolster tertiary learning.** The Centre provides education opportunities for out of school youths and adults through open and distance learning. Its learning post administrators are an opportunity to deliver distance learning to students affected by school access restrictions during shocks, including the COVID-19 pandemic. With adequate resources in open schooling, information and communication technologies will bridge shock-induced separations between teachers and learners.

**Bursary programmes support Lesotho's students, especially the poorest and most marginalised.** The Ministry of Development Planning manages tertiary education bursaries which benefited to 22,675 students in 2018. In this budget brief, the expenditure of this programme is viewed as a component of education sector's expenditure. Secondary education bursaries for orphans and vulnerable children will not be considered in the analysis, as they are not well captured in the BOOST database. The Ministry of Social Development manages this bursary programme.

### 1.2 Challenges

**Lesotho's children face many challenges in accessing their education rights.** Gross enrolment rates in pre-primary and secondary are 35.2 per cent and 54.3 per cent, respectively (Figure 1). So, education deprivation affects 64.8 per cent of preschool-aged children and 45.7 per cent of secondary-aged children. The gross enrolment rate for primary education is over 100 per cent, as this education level is free of charge. About 80 per cent of children who enrolled in primary education in 2018 would complete primary education.<sup>3</sup> For lower secondary and upper secondary, completion rates were estimated at 44 per cent and 32 per cent, respectively. School fees and distance to school are the main reasons why most children drop out of secondary. Although literacy rates are good for youths (87 per cent) and adults (90 per cent), children aged 7-14 years old have poor numeracy skills (15.0 per cent) and reading skills (40.3 per cent) rates.

**Figure 1: Gross enrolment rates in Lesotho's education sector**



Source: Lesotho's Ministry of Education and Training's database.

**Achieving equity in access to education remains a challenge in Lesotho.** The Lesotho 2018 Multiple Indicator Cluster Survey estimated that the participation rate of boys in secondary education is much lower than that of girls. Male children of lower-secondary-school age were twice as likely to be out of school than female children. Gender parity indices were 1.01 for primary, 1.58 for lower secondary and 1.36 for upper secondary education. The survey also showed that urban children were much more likely to attend secondary education than rural children. The wealth quintile divide showed that the widest gap in participation in organized learning was between children of the poorest and richest households. Disability is also a factor in inequality and children with disabilities have lower attendance rates than their peers without disabilities. In Early Childhood Care and Development, children with disabilities are dramatically under-enrolled.

**Education spending is also not equitably distributed across levels of learning.** Using the 2017/18 Continuous Multipurpose Household Survey and Household Budget Survey,<sup>4</sup> the government has estimated that 49 per cent of public education expenditure is consumed by post-secondary students who represent 15 per cent of the learner population, with only 51 per cent of the expenditure benefiting 85 per cent of learners (primary and secondary). With the COVID-19, inequalities in education will be exacerbated; therefore, government needs to prioritise spending focusing on those in greatest need.

**Unclear policies guiding teachers' deployment remain an obstacle toward quality education.** According to Lesotho's Education Sector Plan for 2016-2026, the deployment of teachers across schools is not guided by clear policies. This lack of guideline clarity is said to explain the current imbalance between the supply and demand of teachers in schools. The extent to which teachers are deployed to schools based on enrolment is 60 per cent in urban Early Childhood Care and Development and only 20 per cent in rural primary schools. Therefore, strengthening the law and regulatory framework, as well as enforcement of these in the education sector, would support the Ministry of Education and Training's efforts to allocate and distribute available resources more efficiently.

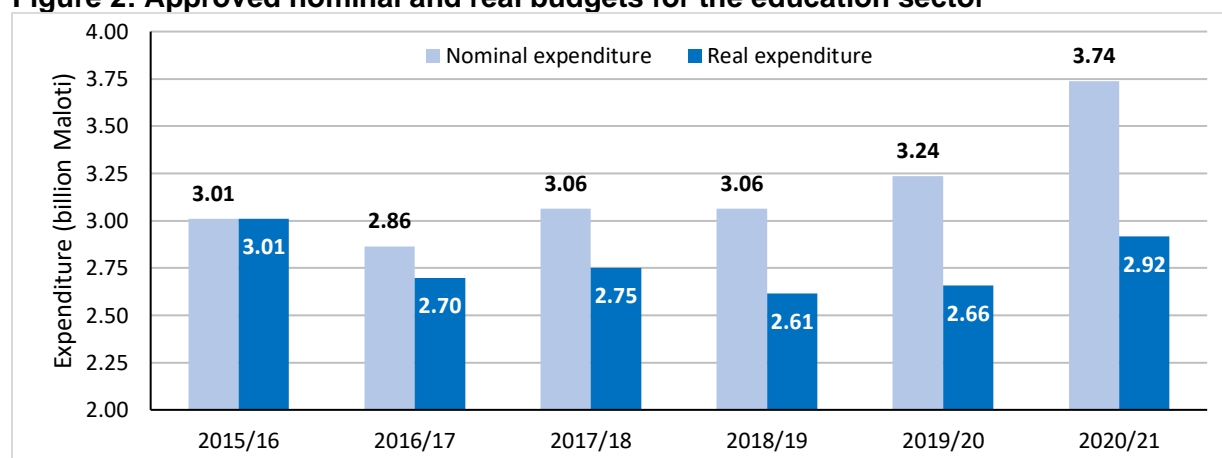
## Takeaways:

- In addition to offering youths and adults with alternative education, open and distance learning institutions should be reinforced to assure continuity of quality and equity education during shocks such as COVID-19.
- Poor and vulnerable children will continue to be excluded from pre-primary and secondary education, unless cost barriers are removed, and supply quality is improved.
- Addressing the high number of out-of-school adolescent boys requires improvements in the relevance of education and the provision of alternative education pathways for them.
- Significant quality gains can be made without implications for the wage bill by improving efficiency in the deployment of teachers and other education resources.

## 2. Education Spending Trends

**The budget of the education sector will significantly increase this year.** In nominal terms, it is projected to increase by 15.5 per cent, from 3.24 billion maloti (M) in 2019/20 to M3.74 billion in 2020/21. Out of this 15.5 per cent increase, it is estimated that 3.0 percentage points are related to the COVID-19 pandemic<sup>5</sup>. In real terms, the Government expects a 9.8 per cent increase, from M2.66 billion to M2.92 billion in the same period (Figure 2). This means that inflation will erode the purchasing power of the M3.74 million education budget by about 22 per cent this year.

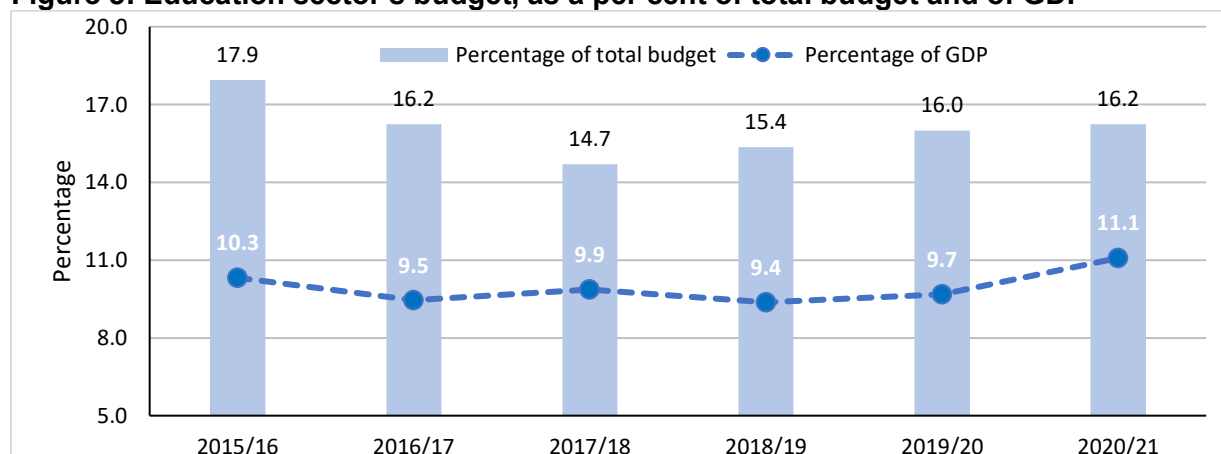
**Figure 2: Approved nominal and real budgets for the education sector**



Source: Author's calculations based on BOOST budget data from the Ministry of Finance.

**The share of education sector's budget will keep on increasing.** From 16.0 per cent in 2019/20, this share is expected to attain 16.2 per cent this fiscal year, a positive trend that began in 2018/19. Reflecting both the increase in budget allocations and slowdown in economic activity due to COVID-19, there will be a drastic increase in the share of education sector's budget to gross domestic product (GDP); from 9.7 per cent last year to 11.1 per cent currently (Figure 3).

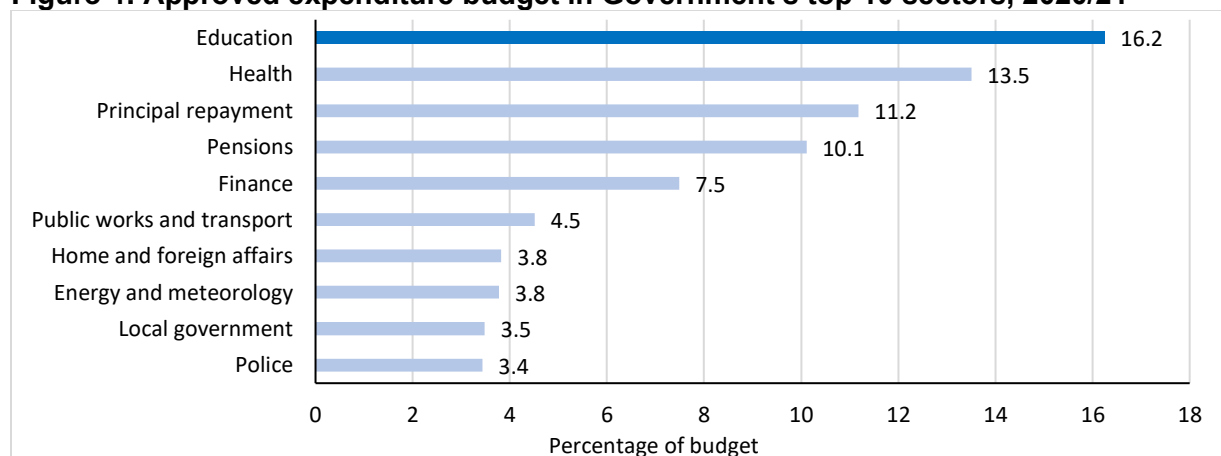
**Figure 3: Education sector's budget, as a per cent of total budget and of GDP**



Source: Author's calculations based on BOOST budget data from the Ministry of Finance.

**The first top priority of the Government's budget is education.** The highest share of the Government's budget goes to the education sector, which is expected to receive 16.2 per cent of that budget in 2020/21. As shown in Figure 4, education is followed by health (13.5 per cent), principal repayment (11.2 per cent), and pensions (10.1 per cent). The tertiary bursary budget alone contributes the equivalent of 3.9 percentage points to the 16.2 per cent budget share going to Lesotho's education sector this year.

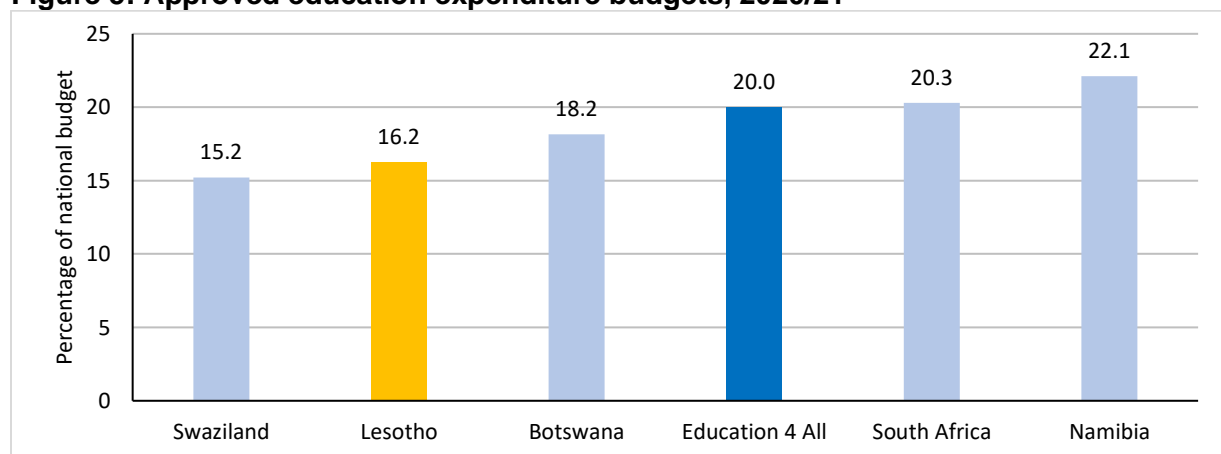
**Figure 4: Approved expenditure budget in Government's top 10 sectors, 2020/21**



Source: Author's calculations based on BOOST budget data from the Ministry of Finance.

**The proportion of Lesotho's expenditure to education remains the two lowest in the Southern African Customs Union.** As shown in Figure 5, Namibia and South Africa continue to be the only countries that currently exceed the 20 per cent education-for-all (EFA) benchmark by spending 22.1 per cent and 20.3 per cent, respectively, of their national budgets on education.<sup>6</sup> Compared to last year, Lesotho will improve its ranking by 1 position in 2020/21.

**Figure 5: Approved education expenditure budgets, 2020/21**



Source: Author's calculations based on data from the budget estimates books of the respective countries for the financial year 2020/21.

### Takeaways:

- Education is a victim of the pandemic, but it can also be a key driver of the recovery. Therefore, education spending should be protected and increased where possible through prioritisation of education in national country recovery planning.
- Public resources should be targeted to prioritise lower levels of education and support the most marginalised across the system. All levels of government should use cash transfer programs and other targeted efforts to reduce barriers to re-entry.
- The size of the education sector's budget will noticeably increase this fiscal year, in nominal and real terms. To maximize its impact on Lesotho's learners, the Government is encouraged to improve the operational efficiency of the education sector management.
- All actors should work together to harness innovative financing and alternative financing options where possible in Technical and Vocational Education and Training and post-secondary education, to enable public funds to be more focused on foundational learning.
- Making up 16.2 per cent of Government's budget, the education sector's budget is on a par with last year's budget (16.0 per cent). Despite this effort, the sector still falls short of the 20 per cent education-for-all benchmark by nearly 4 percentage points.

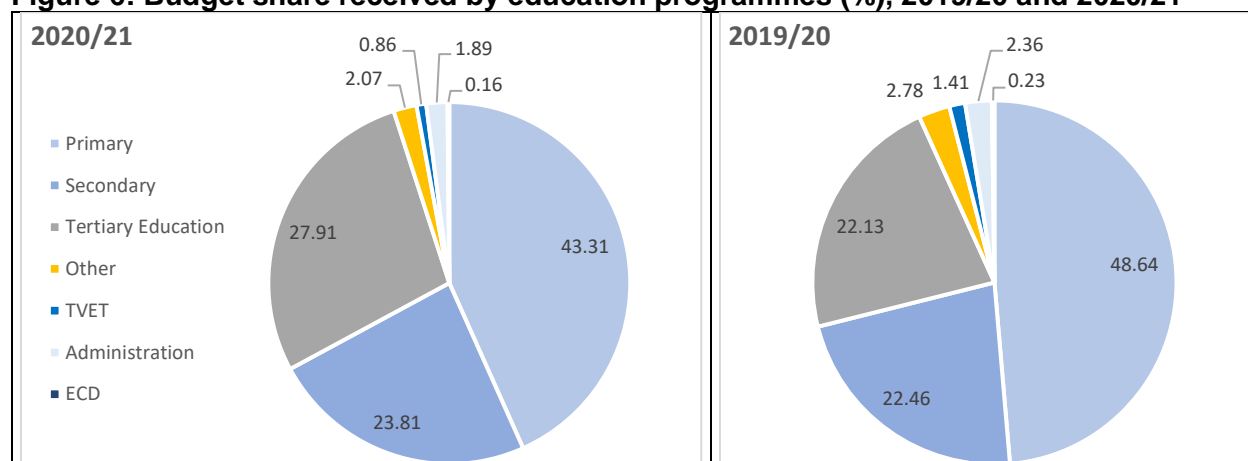
### 3. Composition of Education Spending

**The budget share received by primary education would decline this fiscal year, while its nominal budget would increase by 2.9 per cent.** Primary education's budget would take 43.3 per cent of education sector's budget in 2020/21, down from 48.6 per cent in 2019/20 (Figure 6); but absolute budgets will increase from M1.574 billion to M1.619 billion, respectively. Primary education will still dominate Government's sectoral budgetary choices, while tertiary education and secondary education will rank second (27.9 per cent or M1.043 billion) and third (23.8 per cent or M0.890 billion), respectively. The share of the sector budget to technical and vocational education and training will recede from 1.4 per cent (M0.046 billion) in 2019/20 to 0.86 per cent (M0.032 billion) in 2020/21. Early childhood care and development should also see a decline in budget shares from 0.23 per cent (M0.007 billion) to 0.16 per cent (M0.006 billion), respectively. Other programs and administration also record declining budget shares, respectively, from 2.78



per cent (M0.090 billion) and 2.36 per cent (M0.076 billion) in 2019/20 to 2.07 per cent (M0.077 billion) and 1.89 per cent (M0.071).

**Figure 6: Budget share received by education programmes (%), 2019/20 and 2020/21**



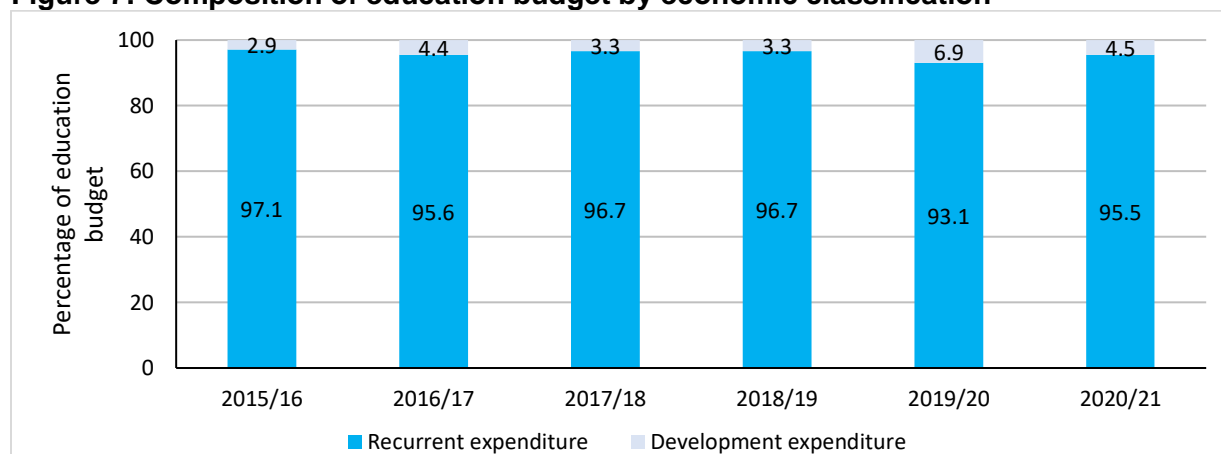
Source: Author's calculations based on BOOST budget data from the Ministry of Finance.

**The budget of secondary and tertiary education is expected to increase, both in terms of budget shares and nominal values.** Secondary education's budget share will increase from 22.5 per cent in 2019/20 to 23.8 per cent in 2020/21, while its nominal (absolute) budget will increase by 22.5 per cent, from M0.727 billion to M0.089 billion in the respective years. Tertiary education's nominal budget will increase by 45.7 per cent, from M0.716 billion in 2019/20 to M1.043 billion in 2020/21. This results in tertiary education's budget representing 22.1 per cent and 27.9 per cent of total education's budget, respectively.

**Preschool will continue to be underfunded.** As indicated above, preschool education will receive 0.16 per cent of the education sector budget this fiscal year, down from 0.23 per cent last fiscal year. Family needs for preschools were already immense before the COVID-19 pandemic that has forced 3-5 years old learners out of formal education facilities since March 2020. The supply of preschool services must be improved, as only 45.8 per cent of children aged 3-5 years old were enrolled in 2018<sup>7</sup>. The COVID-19 pandemic has increased these needs, creating more inequality in preschool access.

**The recurrent expenditure budget continues to dominate the education budget, receiving 95.5 per cent of the sector's budget in 2020/21.** This share was slightly smaller in 2019/20 at about 93.1 per cent of education sector's budget (Figure 7). In fact, recurrent expenditures have never been below 93 per cent of education sector's expenditure budget over the past six years. This means very little budget (4.5 per cent) is left for education's development budget, especially for early childhood care and development, reception classes, water and sanitation, and materials for distance learning.

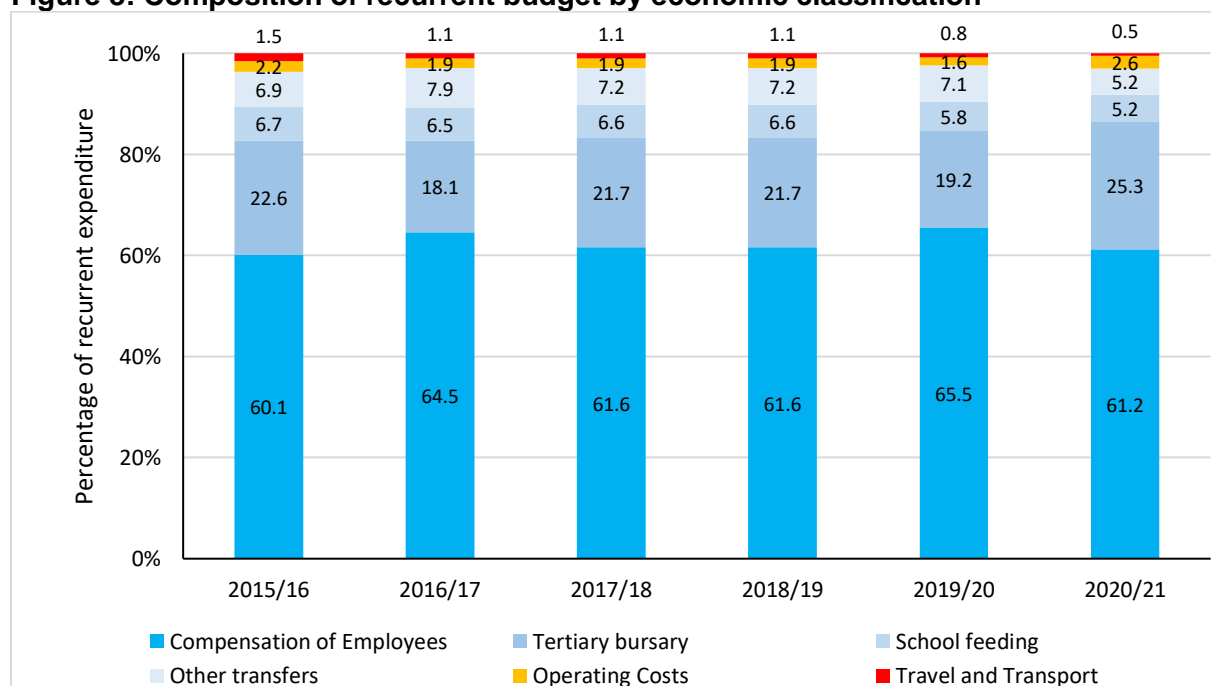
**Figure 7: Composition of education budget by economic classification**



Source: Author's calculations based on BOOST budget data from the Ministry of Finance.

**In terms of the recurrent budget share, there is a significant effort to reduce salaries and wages this fiscal year.** The lion's share of salaries and wages have decreased by 4.3 percentage points, from 65.5 per cent in 2019/20 to 61.2 per cent in 2020/21 (Figure 8); although absolute budgets have increased by 10.6 per cent from M1.973 billion to M2.183 billion, respectively. Transfers would account for 35.8 per cent, which are ventilated across tertiary bursary (25.3 per cent or M0.904 billion against 19.2 per cent or M0.577 billion last year), school feeding (5.2 per cent or M0.187 billion against 5.8 per cent or M0.175 billion last year), and other transfers (5.2 per cent or M0.185 billion against 7.1 per cent or M0.214 billion last year). Operational inputs are expected to increase, from 1.6 per cent (M0.048 billion) in 2019/20 to 2.6 per cent (M0.091 billion) in 2020/21, while some savings will be realized in travel and transport costs, from 0.8 per cent of total budget (M0.026 billion) to 0.5 per cent (0.017 billion).

**Figure 8: Composition of recurrent budget by economic classification**



Source: Author's calculations based on BOOST budget data from the Ministry of Finance.

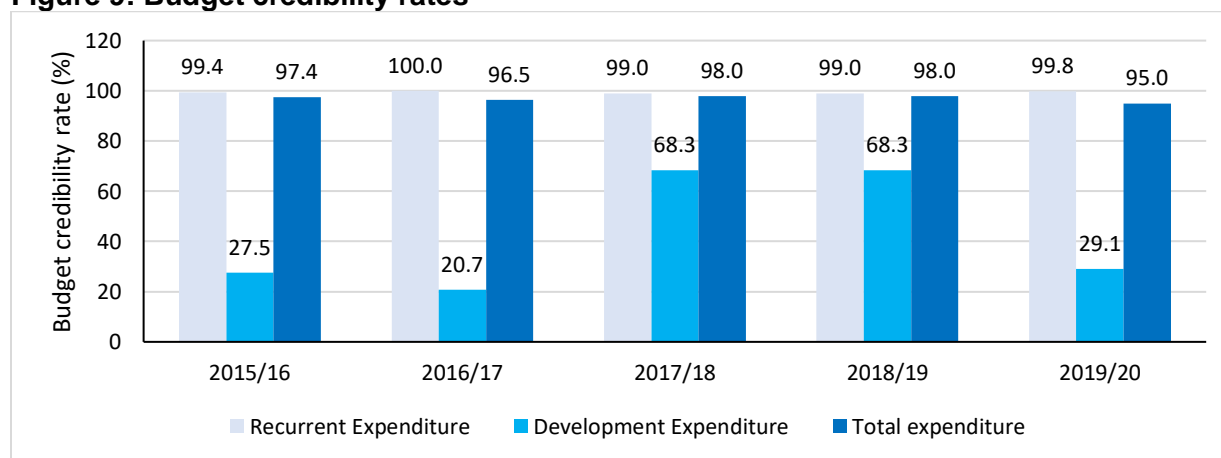
## Takeaways:

- Early childhood education budget will decline for the second fiscal year in a row, in terms of share and absolute value. The subsector is allocated only 0.16 per cent of the education sector’s budget, yet about 54.2 per cent of preschool-age children is deprived of pre-primary education. This trend should be reversed for equity and educational attainment purposes.
- With the decline in the lion’s share of education budget going to primary education, both allocative and operational efficiencies must increase to maintain learning results at their level prior to the COVID-19 pandemic.
- The decline in the share of compensation of employees in recurrent education’s budget indicates Government’s commitment to follow realistic recruitment freeze. This should be countervailed by efficient deployment of available teachers across schools.
- Student bursaries for tertiary education managed outside Ministry of Education and Training have strongly increased in 2020/21. As only a small number of students are eligible for tertiary education, Lesotho’s education spending is regressive from an equity perspective. In response to COVID 19, public funds should be targeted at lower levels of education for the greatest equity and learning returns.
- The increase in secondary school’s budget means greater opportunities for poor and vulnerable children to attend secondary school facilities, thereby improving their chance to further access tertiary education.

## 4. Budget Credibility and Execution

**Budget credibility in the education sector is satisfactory overall, largely driven by the recurrent budget.** The overall budget credibility rate<sup>8</sup> declined slightly to 95.0 in 2019/19 from 98.0 per cent in 2018/19, after it had significantly improved to 98.0 per cent in 2017/18. Education sector’s recurrent budget has higher and more stable credibility rates than its development counterpart (Figure 9). This disparity is because the recurrent budget is prioritized and entirely covered by Government revenue.

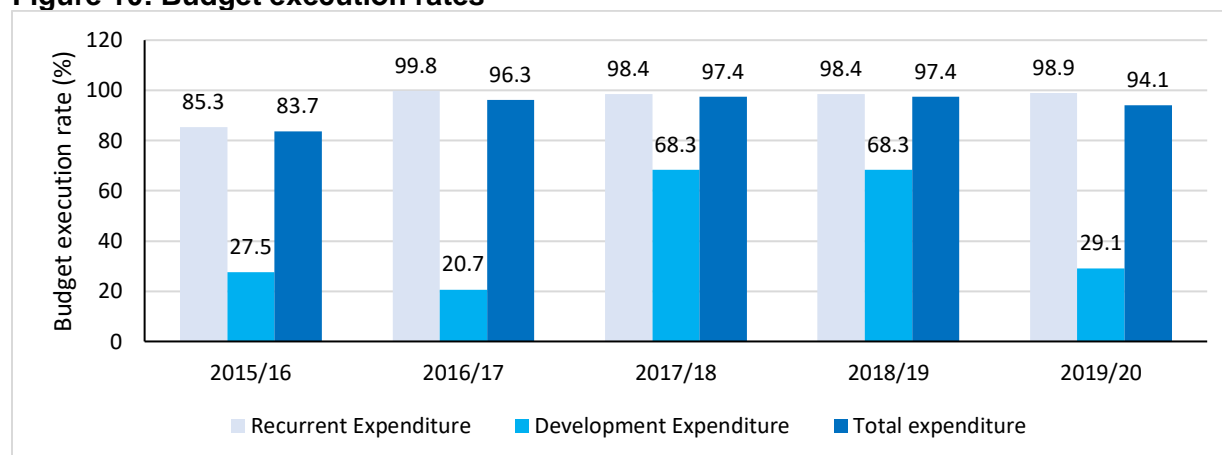
**Figure 9: Budget credibility rates**



Source: Author’s calculations based on BOOST budget data from the Ministry of Finance.

**The budget execution rate for the development budget in 2019/20 deteriorated if compared to the previous year.** In fact, overall education budget execution rates had increased steadily from 83.7 per cent in 2015/16 to 97.4 per cent in 2018/19 (Figure 10). The execution rate dropped in 2019/20, reaching 94.1 per cent. This rate stems directly from the highly limited execution rate of the development budget. Its high of 68.3 per cent in 2017/18-2018/19 was followed by a sharp decline to 29.1 per cent in 2019/20, which the Government is committed to address in 2020/21.

**Figure 10: Budget execution rates**



Source: Author's calculations based on BOOST budget data from the Ministry of Finance.

### Takeaways:

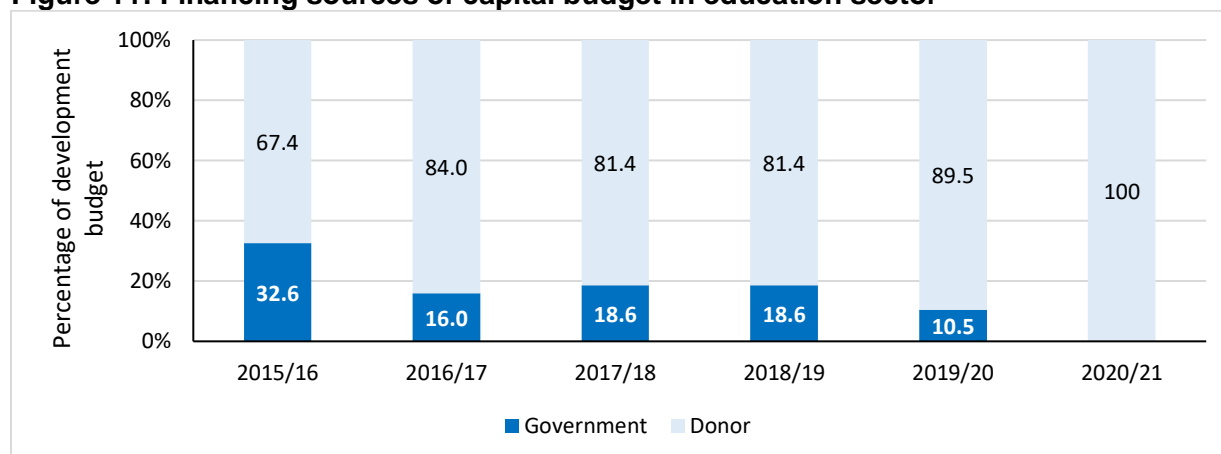
- Education budget's credibility rates are relatively good, although slightly declining in 2019/20. To maintain results above the 98 per cent achieved in 2018/19, it is important to consolidate the planning process starting with prioritizing expenditures with secured funding sources.
- Execution rates are on a par with credibility rates, showing that the Government always manages to successfully implement the education programs for which public monies are released.

## 5. Financing Sources

**Education sector's expenditures are mainly financed by the Government.** Government revenue will cover 95.5 per cent of the education budget in 2020/21, up from 93.8 per cent last fiscal year. Through grants and loans, donors will cover the remainder. However, most of the donor commitments are not disbursed<sup>9</sup>, with only 31.2 per cent released in 2019/20 while the Government disbursed on average 96 per cent of allocated budgets in the previous years.

**Donor support is mainly for development expenses.** In the current year, donors will contribute M0.170 billion to the development budget (e.g., 100 per cent of total) compared to M0.200 billion (e.g., 89.5 per cent of total) in 2019/20. Figure 11 shows that donors used to cover 80-90 per cent of development budget from 2016/17 to 2019/20. This year, COVID-19 related interventions have siphoned the already limited resources the Government usually allocates to development budget.

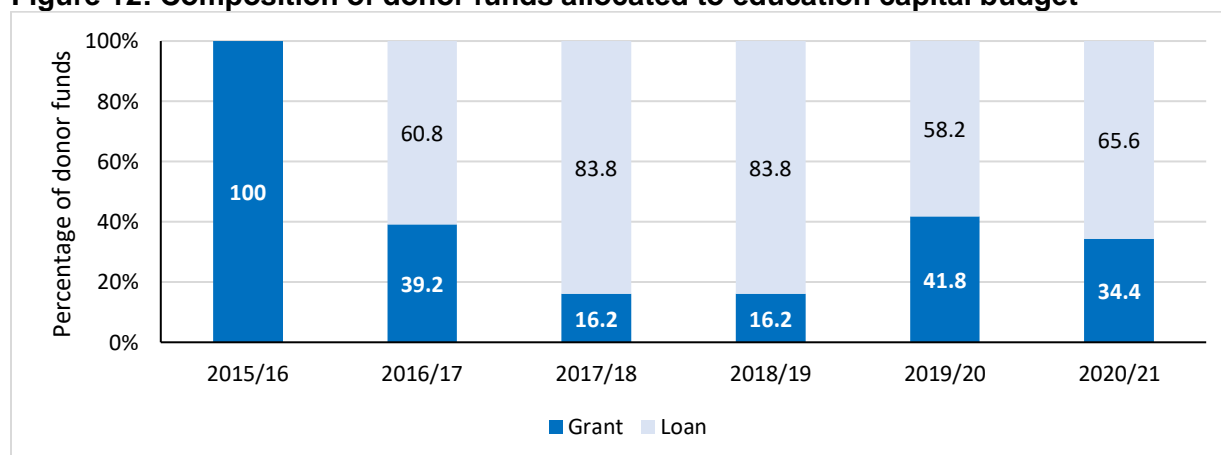
**Figure 11: Financing sources of capital budget in education sector**



Source: Author's calculations based on BOOST budget data from the Ministry of Finance.

**Most of the external assistance is in the form of loans.** This financing strategy would have implications for debt sustainability in Lesotho, especially if targeted investments are not executed timely and cost-efficiently<sup>10</sup>. This fiscal year, donor loans are expected to cater for 65.6 per cent of total donor funds earmarked to education's development budget. This is an increase of 7.4 percentage points from last year's share (Figure 12). However, given the small share of donor loans in the financing of education's development expenditures, the Government should explore the possibility of increasing such loans, focusing on those offering good repayment conditions.

**Figure 12: Composition of donor funds allocated to education capital budget**



Source: Author's calculations based on BOOST budget data from the Ministry of Finance.

### Takeaways:

- Representing less than 5 per cent of total education budget, donor loans can contribute better to the financing of priority education investments, provided that they obey an integrated and coherent financial strategy that prioritizes donors offering concessional conditions.
- Government exclusive reliance on donor funding for development expenditures may not be desirable for achieving sustainable financing of critical investments in Lesotho's education sector in the medium to long term. Domestic resources should play a prominent role.

**Chief Budget Officer**

Budget Department

Ministry of Finance

Government of Lesotho

Tel: +266 2232 5920

Email: lekomolas@hotmail.com

**Social Policy Section**

13 United Nations Road

United Nations House (2nd floor)

Private Bag A171

Maseru 100, Lesotho

Tel: +266 22 315801

Email: maseru@unicef.org UNICEF Lesotho

**© The Government of Lesotho and the  
United Nations Children's Fund (UNICEF)**

**November 2020**

**Cover photograph:**

## Endnotes

---

<sup>1</sup> Pre-primary, primary, secondary and the like.

<sup>2</sup> Kingdom of Lesotho's Education Sector Plan for 2016–2026 (August 2016).

<sup>3</sup> As per UNICEF's Lesotho Multiple Indicator Cluster Survey (MICS) completed in 2018.

<sup>4</sup> Ministry of Education and Training of the Kingdom of Lesotho, 'Draft Education Sector Analysis', September 2019 (Table 40 and Figure 70, page 73).

<sup>5</sup> Lack of detailed budget numbers per ministries in the 2020/21 Budget Speech of 26<sup>th</sup> February 2020, prevents a deeper analysis of the specific expenditures that have increased owing to the COVID-19 pandemic.

<sup>6</sup> Expenditure considered in the calculations is expenditure voted by Parliament, as reported in the budget books of the respective countries. Comparison is made only with countries in the Southern African Customs Union.

<sup>7</sup> MICS report 2018

<sup>8</sup> Defined as the variance between approved budget and released budget.

<sup>9</sup> This may result from insufficient coverage of released and/ or executed donor funded expenditures in the national budget.

<sup>10</sup> Detailed information on the sources of the loans would help better establish the risk to fiscal sustainability. At present, such detailed information is not available in the budget databases from the Ministry of Finance.