Key Messages

The Ministry of Education and Skills Development was divided into the Ministry of Basic Education (MOBE) and the Ministry of Tertiary Education, Research and Technology. The Ministry’s skills development also changed hands and is now under the responsibility of the Ministry of Employment, Labour and Skills Development.

In nominal terms, in 2017/18, total spending of the education sector equalled P12.7 billion (21.3% in the total budget or 7.2% of GDP), which is 34% higher as compared to 2013/14. When adjusting for inflation, the rise in spending remains impressive, jumping nearly 18% over the same period, which is close to 4.5% real annual growth. As an UMIC, Botswana no longer attracts significant donor funding and relies on domestic resources to finance education.

In fiscal year 2017/18, P1.1 billion i.e. about 7% of the proposed total development budget was allocated to the education sector, mainly, for construction of additional facilities in rural schools. Although increasing in recent years, infrastructure funding, particularly for pre-primary and primary schools, remains low and should be reviewed in line with current policy commitments and underlying funding requirements.

At 90% of the education budget, spending on salaries and other recurrent items is at a dangerous level based on international standards (anything above 80%) and suggests there are serious spending inefficiencies within the education system, which need to be addressed.

There is underfunding of the Education and Training Sector Strategic Plan, which runs from 2015 to 2020. Implementation of this Plan needs to be continuously revised in light of the resource availability as projected in the Medium Term Fiscal Framework.

Areas that are fundamental to supporting the education of the most disadvantaged children, including early childhood development, out of school programmes and improving learning outcomes, receive almost no public funding. The Government may consider maintaining public spending at least at current level (7-8% of GDP) as one of the priorities in the coming years, with specific focus on public expenditure on service delivery targeting children.

The current budget structure does not allow for analysis of spending by education level or items. Using historical data, there appears to be a major imbalance in spending across different levels of education, with potentially strong gains to be achieved by shifting resources away from higher levels to support basic education services.

In contrast to recurrent spending, which is performing quite well, the planning and execution of development budgets is characterized by severe discrepancies. Besides, the budget utilization varies across districts and is not connected to improved learning outcomes.

The availability of disaggregated education expenditure by level of education allows understanding and addressing inefficiencies in spending, which is not possible in the current budget structure to know how much is being invested at each level.

*This budget brief is one of four that explore the extent to which the public budget addresses the needs of children under 18 years in Botswana. The briefs analyse the size and composition of budget allocations for fiscal year 2017/18 as well as offer insights into the efficiency, effectiveness, equity and adequacy of past spending. Their main objectives are to synthesize complex budget information so that stakeholders easily understand it and to put forth key messages to inform financial decision-making processes.*
Introduction

Botswana’s education system – primarily managed by two ministries – has been a significant priority since independence. As this brief will demonstrate, education continues to receive the highest level of funding in the national budget. In practice, two ministries have been responsible for delivering education services, which include the Ministry of Education and Skills Development (MOESD), and the Ministry of Local Government and Rural Development (MOLGRD). However, starting in fiscal year 2017/18, MOESD was divided into the Ministry of Basic Education (MOBE) and the Ministry of Tertiary Education, Research and Technology (MTERT). Skills development also changed hands and is now under the responsibility of the Ministry of Employment, Labour and Skills Development (MELSD). Because of the changes in the ministerial setup of the education sector, the analysis of the 2017/18 budget is undertaken separately throughout this brief, where possible.

In Botswana’s five-tier education system, the private sector is playing only a minimal role apart from early childhood learning. In terms of the structure, pre-primary covers ages 4 to 5 years, primary (6 to 12 years), junior secondary (13 to 15 years), senior secondary (16 to 17 years) and tertiary (18 years and above). While there are private sector providers, the majority of learners go to public schools. In 2013, for example, 93% of primary school students and 82% of secondary school students were enrolled in government schools.¹ The lone exception is at the pre-primary education level, where more than 70% of students are enrolled in private schools.

Ambitious national and sector development plans guide Botswana’s education system. The overarching plan, National Vision 2036, is based on a series of medium-term plans. The current plan, National Development Plan 11, runs from 1 April 2017 to 31 March 2023. It aims to transform Botswana into a knowledge-driven economy and emphasizes the importance of education to improve the quality of the labour force. It also acknowledges key challenges in the sector, including low inclusion, poor secondary to tertiary transition rates, and a mismatch between skills and labour force needs.² To this end, the Government aims to invest 60% of mineral revenues in the development of physical and human capital.

Operationally, the Education and Training Sector Strategic Plan (ETSSP), which covers the 2015 to 2020 period, is intended to address key challenges and guide the sector. The ETSSP emphasizes the importance of: (i) laying a strong foundation at pre-primary education level; (ii) teacher education and professionalism; (iii) enhanced participation of private sector and parents; (iv) technical and vocational education; and (v) the sector’s strategic role as a catalyst in economic transformation and national development. Some of the key targets to be achieved by 2020 include:

- Increasing pre-primary enrolment to 35,379 (from 9,995 in 2012/13);
- Increasing technical and vocational enrolment to 24,535 (from 5,899 in 2012/13);
- Increasing tertiary level enrolment to 100,130 (from 65,702 in 2012/13);
- Increasing the private sector’s role in tertiary education; and
- Enhancing teacher training and the professionalization of teaching through a Teaching Council.

During the course of the Millennium Development Goals (MDGs), Botswana achieved strong results in core education indicators, but equity concerns persist. For example, adult literacy rates increased from 81% to 88% between 2003 and 2015, but there are major rural/urban differences (e.g. 76% in rural areas versus 96% in urban areas). At the same time, while Primary School Leaving Examinations (PSLE) have improved, they are dominated by C and D grades with major differences across regions. There is also a recent downtrend in Junior Certificate results, which indicates that the quality of students being fed into senior secondary and ultimately tertiary level education is deteriorating.

**Table 1: Selected Education Indicators**

<table>
<thead>
<tr>
<th>Indicators</th>
<th>2003 / 2011</th>
<th>2016 or latest available</th>
</tr>
</thead>
<tbody>
<tr>
<td>School enrolment, pre-primary (% gross)</td>
<td>18.7</td>
<td>19.8</td>
</tr>
<tr>
<td>School enrolment, primary (% net)</td>
<td>85.6</td>
<td>93.2</td>
</tr>
<tr>
<td>School enrolment, senior secondary</td>
<td>84.1</td>
<td>82.3</td>
</tr>
<tr>
<td>School enrolment, tertiary (% gross)</td>
<td>15.1</td>
<td>21.3</td>
</tr>
<tr>
<td>Transition rate from junior to secondary (%)</td>
<td>54.0</td>
<td>64.2</td>
</tr>
<tr>
<td>Transition rate from senior secondary to tertiary (%)</td>
<td>56.0</td>
<td>63.8</td>
</tr>
<tr>
<td>Literacy rate, adult total (% of people ages 15 and above)</td>
<td>83.2</td>
<td>90.0</td>
</tr>
<tr>
<td>Literacy rate, youth total (% of people ages 15-24)</td>
<td>93.9</td>
<td>97.8</td>
</tr>
</tbody>
</table>


Education Spending Trends

Public investment in the education sector have grown significantly in recent years, even when factoring in changing price levels. In nominal terms, in 2017/18, total spending of the education sector equalled P12.7 billion, which is 34% higher as compared to 2013/14. When adjusting for inflation, the rise in spending remains impressive, jumping nearly 18% over the same period, which is close to 4.5% real annual growth (Figure 1).

Despite the recent decline in spending (in real terms) started in 2015/16, education remains a very high priority for the Government. On average 22% of the total budget was devoted to key priority areas over the 2013/14 to 2017/18 period (Figure 2). This is close to twice as much as the third and fourth largest areas (general public services and health care), each of which received 12% of the total budget, on average. Under the new structure in the current fiscal year, the priority of education remains nearly identical, receiving about 21.3% of resources in the total budget. This demonstrates that, on the aggregate, the Government has continued to exceed the international spending benchmark of 20% of the national budget for education as put forth by Education for All.
In constant 2013/14 prices, planned spending on education in the current fiscal year suggests a slight move back to the long-term, positive trend. When comparing 2017/18 and 2016/17, the education sector budget is expected to increase by 3.5% in nominal terms and 0.04% in real terms. At the same time, when comparing 2017/18 and 2016/17, MOBE’s budget is expected to decrease by 1.7% in nominal terms and 5% in real terms. This could be partially explained by the new ministerial structure whereby responsibilities have shifted without necessarily accounting for the full implementation costs. In light of the major restructuring, it will be important to closely monitor the mid-year revisions to see if the original allocations underestimated actual implementation costs of the new ministries, in particular for MTERT and MELSD.
**Takeaways:**
- The Government of Botswana has a strong commitment to investing in education as demonstrated by consistent spending increases as well as the high budget priority devoted to the sector.
- There are short-term concerns over the 5% real decrease in MOBE’s expenditure in this year’s budget, which requires more careful analysis and monitoring given the new structure of the sector.

**Composition of Education Spending**

Prior to the restructuring in FY2017/18, MOESD received the lion’s share of education budget resources and was responsible for all recurrent spending. Over the 2013/14 to 2016/17 period, approximately 98% of education spending took place within MOESD, on average (Figure 4). At the same time, MOESD executed the entire recurrent budget, which amounted to 90% of total investments in the sector. (See Figure 4 below).

Despite the large size of the recurrent budget in past years, supporting basic education and improving the quality of education were not prioritized in the budget. Over the previous four-year period, the majority of spending went to “Teaching Service Management” (42% of the recurrent budget, which includes salaries for primary and secondary levels) with 23% going to “Tertiary Education Financing,” 16% to “Headquarters” and 10% to “Secondary Education” (Figure 6). At the same time, areas that are critical to ensuring the inclusion of all children in schools and improving the performance of the education system received around a single percentage or less of the recurrent budget, on average. These included “Out of School Education and Training,” “Pre and Primary Education” and “Curriculum Development and Evaluation.”

Looking at the 2017/18 budget under the new structure, the recurrent spending priorities of MOBE remain virtually identical. (See Figure 5 below).

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**Figure 4. Ministerial composition of the education sector budget**

- MOESD recurrent 87.9%
- MOESD development 8.4%
- MOLGRD primary education and development 1.9%

**Figure 5. Composition of MOESD and MOBE recurrent budgets**

- Teaching Service Management 42%
- Headquarters 16%
- Secondary 10%
- Tertiary 23%
- Vocational 5%
- Other 4%
- Teaching Service Management 68%
- Headquarters 13%
- Secondary 15%
- Pre/Primary 2%
- Out of School 1%
- Other 1%

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Figure 4 source: Ministry of Finance and Development Planning. Note: Figures reflect average values based on actual expenditure for 2013/14 and 2014/15, revised for 2015/16 and planned for 2016/17. Figure 5 source: Ministry of Finance and Development Planning.
Although representing only a small portion of the education budget, development expenditure has increased in recent years, especially on basic education. Prior to the restructuring, this expenditure was split between MOLGRD (responsible for infrastructure development for pre-primary and primary levels) and MOESD (for all other levels). On average, development expenditure accounted for 10% of the total education budget (see earlier Figure 5), with approximately 80% going toward higher education and 20% toward basic education. Over the 2013/14 to 2016/17 period, development expenditure jumped by more than 80%, which was largely driven by a greater emphasis on basic education infrastructure (a more than six-fold increase) (Figure 6-a). In the final year before the restructuring, however, development expenditure declined by about 10%. As Figure 6-b shows, the majority of development spending (above 90%) is allocated to construction of additional facilities for schools, mainly in rural primary educational establishments.

**Figure 6. Development education sector spending trends (in millions of pula)**

(a) at the ministry level (in millions of pula)

(b) at the education level (in millions of pula)

In fiscal year 2017/18, one worrisome finding is that there is no provision for pre-primary or primary development expenditure. This stands in stark contrast to the ETSSP, which shows that P4,313 million of development expenditure in pre-primary and primary are required to achieve the targets by 2020. In terms of annual funding needs, this translates into P863 million. In summary, despite the 10 percent increase of the development budget for pre and primary education, current investments remain far below the mark.

**Takeaways:**

- At 90% of the education budget, spending on salaries and other recurrent items is at a dangerous level based on international standards (anything about 80%) and suggests there are serious spending inefficiencies within the education system, which need to be addressed.
- Areas that are fundamental to supporting the education of the most disadvantaged children, including early childhood development, out of school programmes and improving learning outcomes, receive almost no funding.
- Although increasing in recent years, infrastructure funding, particularly for pre-primary and primary schools, remains low and should be reviewed in line with current policy commitments and underlying funding requirements.
Spending by Levels of Education

Regrettably, the current structure of the budget does not allow for analysis of spending by education level or items. However, there are two information sources that shed insights into how the budget may be performing in this area. The first is an unpublished report that was used to inform the development of the ETSSP (U.M. Ruele 2014) and the second is the ETSSP itself.

Based on information from 2012/13, there is a mismatch between education spending and the number of learners. This is most dramatic for primary education, where 60% of the student population and only 20% of the education budget was spent (Figure 7 left axis). On the other side of the spectrum, more than 5% of the budget was spent on tertiary education, which only consisted of 1% of all students.

Comparison of per pupil spending trends reveal even larger spending imbalances, which significantly favour higher levels of education. On one hand, average spending per primary student amounted to roughly P2,600 in 2012/13 (Figure 7 right axis). On the other hand, average spending per student enrolled in technical and vocational education amounted to approximately P38,500. This means that the Government was investing nearly 15 times more in technical/vocational students than in primary students. The overall spending bias is incremental and most severe between junior and secondary levels and between tertiary and technical levels. Although it is widely recognized that higher education levels require greater resources, there is also a major risk of underfunding early education, which can inadequately prepare students early on so that they are able to perform well at higher levels.

The 2012/13 expenditure analysis further shows how salaries constitute the main use of budgets across different education levels. Nearly 70% of all education spending went to salaries (Figure 8). However, this varied significantly across levels, from 80% of the budgets for primary and junior secondary levels to around 40% of the budgets for tertiary and technical levels. Food amounted to approximately 8% of the total education budget. Major differences are observed here as well, with only 3% of the primary level budget...
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Figure 8. Expenditure by education level and by item 2012/13 (in millions of pula)

Sources: Expenditure estimates from U.M. Ruele (2014).

Takeaways:
- Using historical data, there appears to be a major imbalance in spending across different levels of education, with potentially strong gains to be achieved by shifting resources away from higher levels to support basic education services.
- The use of resources within specific levels of education should be more closely studied, especially to ensure that food and nutritional support goes to students that are most in need.
- It is important to disaggregate education expenditure by level of education to understand and address inefficiencies in spending, which is not possible in the current budget structure to know how much is being invested at each level.
Budget Credibility and Execution

Recurrent budgets in the education sector perform quite well on the aggregate. When looking at budget credibility the most recent three years of available data indicate that MOESD (MOBE’s predecessor) spent slightly beyond its original intent, by an annual average of 8%. This is roughly consistent across the major spending categories, which account for more than 95% of total recurrent costs (represented by the dark blue bars and letters a-e in Figure 9).

There are, however, big variances in the performance of budgets for smaller recurrent categories. For instance, “Teacher Training” averaged more than a 50% overspend during the 2013/14 to 2016/17 period, while “Pre and Primary Education” underspent by around 30%, on average (see dark blue bars and letters f and h Figure 9). These should raise flags, as these are critical to ensuring both the quality and equity of education services.

Turning to budget execution, which measures the difference between funds received and funds actually spent, the rates are nearly identical to budget credibility. This is noted in Figure 9 by comparing the difference between the dark blue and light blue bars for each spending category. Almost identical rates of budget credibility and execution suggest that the majority of spending variances are due to poor planning at the start of the fiscal year and that there is strong absorption capacity to spend funds once they are actually received.

Figure 9. MOESD recurrent budget utilization trends (2013/14 to 2016/17, as a percent)

Source: Ministry of Finance and Development Planning.

5 The budget credibility is measured by the deviation between planned (or approved) budgets at the start of the fiscal year and the actual amount spent at the end of the year.
In contrast to recurrent spending, the planning and execution of development budgets is characterized by severe discrepancies. Over the three years with available data, the difference between planned and actual expenditure varied by more than 40% (Figure 10). This includes underspending by 43% in 2013/14 and overspending by 56% in 2014/15. When viewed in the context of sizable mid-year revisions that have occurred in the more recent years (both upward and downward), it would appear that there is need to strengthen budgeting and planning processes around infrastructure-related investments.

**Figure 10. Trends in utilization of the education development budget (in millions of pula)**

Research undertaken as part of the ETSSP preparation further demonstrates that there is very little correlation between the capacity to spend available resources and education quality. Kweneng and North West Districts, which are the worst performing in terms of learner achievement, are also the worst performing in terms of budget utilization (Figure 11). In contrast, the North East District, which is the best performer, had one of the highest utilization rates. There are also several outliers. For instance, Central District and Kgalagadi District had close to or above 100% budget utilization rates yet score very poorly in terms of learning outcomes.

**Figure 11. Budget utilization and academic performance at primary and secondary levels (in 2012/13)**

Source: Ministry of Finance and Development Planning.

Source: ETSSP (2015 -2020) and Botswana Examinations Education Statistical Brief 2014.
Takeaways:

- Under the previous structure, recurrent spending through MOESD performed strongly, with plans and spending closely aligned for major spending categories.

- However, smaller recurrent items, especially those that have important connections to equity, like "Pre and Primary Education," face planning and execution challenges that need to be closely monitored and corrected.

- There is a need to strengthen capacity for planning and implementing development budgets in the education sector, which now cut across MOBE and MOLGRD.

- It is important to closely monitor the utilization of education budgets to ensure that they are spent as intended and contribute to improved learning.

- The lack of a relationship between the capacity to spend and improved learning outcomes suggests that a more comprehensive diagnostic tool, like a Public Expenditure Review (PER), could be very useful to identify underlying bottlenecks and improve the effectiveness of spending.
Financing the Education Sector

During the 2017/2018 financial year, the Government remains committed to financing the education sector primarily from domestic resources, which is aligned to the ETSSP goals and objectives. While actual allocations to the sector have increased from P11.8 billion in 2015/16 to P12.7 billion in 2017/18, they have fallen far short of the target of P15.9 billion envisaged in ETSSP (Figure 12-a). Indeed, more than one-fifth of total expenditures (more than 21%) is allocated to education, which exceeds the 20% benchmark set by the Dakar Framework and just around the 22% SADC benchmark. However, the underfunding poses a considerable challenge for achieving policy targets and ambitious objectives that were set in the ETSSP.

**Declining trends in development budget allocations for education continued in 2017/18 financial year.**

In 2017/18, the education sector is estimated to receive about 6.7% of the proposed total development budget (Figure 12-b). Despite consistent budgetary allocations, in the current fiscal year, the sector’s share is reduced by 2.3% compared to average of the 2013/14-2015/16 period.

**Functional classification of the 2017/18 national expenditure and net lending shows that budget allocation follows national priorities defined within NDP 11.** The fiscal year of 2017/18 is the first in the implementation of Vision 2036 and NDP 11, and therefore, it is expected to address priority areas identified in these strategic documents. As Table 2 shows, despite a 1.0% decline in expenditure, the education sector remains a top priority in the 2017/18 budget (21.3% of the total social sector allocations).
As an UMIC, Botswana no longer attracts significant donor funding and relies on domestic resources to finance education. Donor support to Botswana’s recurrent budget was about P251 million in 2013/14. It declined to a low of P166 million before increasing to P209 million or 0.4% of the 2017/18 Recurrent Budget. Grants under recurrent are mainly budget support from the European Union. On the other hand, grants account for only 3% of the development budget financing. The limited availability of disaggregated data poses challenges in analysing donor contributions to the education sector budget.

Education in Botswana is free up to primary school level. For secondary education, there is a cost-sharing modality whereby parents pay ten percent (10%) of the unit cost. However, no student can be denied access due to the inability to pay fees. At tertiary level, depending on the course, the student is pursuing a mixture of loans and grants.

Takeaways:
- While Botswana has continuously prioritized education in its budget allocation, the Government may consider maintaining public spending at least at current level (7-8% of GDP) as one of the priorities in the coming years, with specific focus on public expenditure on service delivery targeting children.
- Sustainable financing of the education sector requires active participation of parents, private sector and institutions of learning and research.
- ETSSP implementation needs to be continuously revised in light of the resource availability as projected in the Medium Term Fiscal Framework.