



SUSTAINING THE GAINS IN THE EDUCATION SECTOR

UGANDA BUDGET BRIEF | FINANCIAL YEAR 2023/24

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SUSTAINING THE GAINS IN THE EDUCATION SECTOR | FINANCIAL YEAR 2023/24

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Financial year 2023/24

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KEY MESSAGES AND RECOMMENDATIONS

- 1 At 2.2% of GDP and 8.4% of the total national budget, the level of spending on Education in Uganda falls short of international targets (5% of GDP and 20% of Total Budget-Dakar declaration), although the education budget has been increasing in both nominal and real terms over the past 5 years.

■ **RECOMMENDATION:** It is critical for the Government of Uganda to consolidate more efforts to improve education spending proportion with a view to progressively meet the international spending targets for the education sector.
- 2 Although the Pre-primary and Primary Education levels still account for the largest share of the education budget, the proportion of the budget accounted for by the sub-sector declined from 51% to 34% between 2017/18 and 2021/22, while that for secondary Education has been increasing from 4% to 19% in the same period.

■ **RECOMMENDATION:** In light of population growth, it is critical to ensure a balanced increase for both levels of Education to facilitate enrollment, retention and safe transition in the education system at all levels.
- 3 Budget releases against approved budgets have remained relatively high for all other institutions (above 95%) except the Ministry of Education and Sports, which has, on average, received less than 90% of approved resources. This also applies to releases against Approved Development Partner resources.

■ **RECOMMENDATION:** To ensure continuity of service provision in the sector, especially for the Ministry of Education with responsibility for policy co-ordination, it is critical to facilitate the full release of approved budgets in a timely manner.
- 4 For all institutions, expenditure against releases has remained very high, mainly on account of the fact that the biggest proportion for the sector is wage expenditure. The same applies to Development partner support.

■ **RECOMMENDATION:** An improvement in spending, especially on Development Partner support, is required, especially for disbursed loans, as non-utilisation results in cost accumulation with no service. Simplification, especially in procurement, which impacts the external development budget execution, is necessary to maximise impacts within the expected project phase.
- 5 The distribution of the Local Government Education budget does not consider Sub-region demographic profiles and socio-economic situation, thus widening the inequality among sub-regions.

■ **RECOMMENDATION:** In order to address inequalities at the sub-region level, there is need for full application of the Intergovernmental Fiscal Transfer Formula (IFTRF) to ensure more resources are directed where there is the greatest need.
- 6 External support to Education shows that there has been a decline in the number of donors over the years, from six in 2018/19 to only one in 2023/24. The World Bank remains the major and consistent funder of the Education sector.

■ **RECOMMENDATION:** In order to enhance on-budget support for Education, it is critical for the government to continue transparent engagement and use of available resources to earn and preserve the confidence of all stakeholders.

01 INTRODUCTION

This budget brief examines the extent to which the 2023/24 National Budget responds to the needs of the Education sector. Specifically, the brief analyses the size and composition of government spending on Education and offers insights on efficiency, effectiveness, equity, and adequacy of past spending in the sector. The analysis is based on the review of key budget documents that include the National budget framework papers 2023/24, Approved Budget estimates report 2023/2024, Sector performance review report, among others. Noteworthy, we analyse the budget briefs in light of the shift from the sector to programme-based budgeting under the National Development plan (NDP III).

02 OVERVIEW OF THE EDUCATION SECTOR

Uganda has been making tremendous progress in Education in line with national policy. The Government of Uganda has formulated a number of policies on primary education to propel the sector into achieving Education for All (EFA) targets. Since the 1992 Government White Paper on Education, which provided for Universal Primary Education, the government has continued to offer policy support to build on investments and progress achieved in the sector. Universal Primary Education was promulgated in 1997, with more elaborate supportive and complimentary policies promulgated since then to facilitate the achievement of key objectives for the sector. Table 1 Below shows a list of some of the key policies guiding the education sector.

TABLE 1 STRATEGIC FRAMEWORK FOR EDUCATION: KEY POLICIES, STRATEGIES AND PLANS THAT GUIDE THE SECTOR

1973	1983	1990	1997	2001	2004	2006	2007	2008	2009	2011	2015	2018	2020	2022	2030
National Curriculum Development Centre Act															
Uganda National Examinations Board Act															
The Government White Paper on Education															
Universities and Other Tertiary Institutions Act															
National Physical Education and Sports Policy															
Basic Education Policy for Educationally Disadvantaged Children															
The Uganda Post Primary Education and Training															
Revised Education Sector Strategic Plan															
Strategic Plan for Universal Secondary Education															
Education (Pre-primary, Primary and Post primary) Act															
Business, Technical Vocational Education and Training Act															
Gender in Education Policy															
Education and Sports Sector HIV Prevention Strategic Plan															
Special Needs and Inclusive Education Policy															
Uganda Students' Higher Education Financing Policy															
National Integrated Early Childhood Development Policy															
Harmonized Guidelines for Accelerated Learning Programme															
Universal Primary Education Policy															
Education for Health Policy															

Source: Various MoES Documents

2.1 KEY DEVELOPMENTS IN THE EDUCATION SECTOR

The Education sector registered significant improvement at the introduction of Universal Primary Education (UPE). Following its introduction, gross enrolment in primary school increased from 8.7million in 2016 to nearly 11 million in 2019.

Since the implementation of the thematic curriculum or local language policy in FY 2003/04, literacy and numeracy competencies at P.3 and P.6 (equivalent to Grade 3 and Grade 6) improved to 51.5% and 53.1%¹, respectively from 45.6% and 42.6%². However, the diversity of languages, limited capacity among teachers in a local language, and inadequate local language instruction materials are undermining the gains made by the policy.

Despite the good progress in enrollment, there are other areas necessary for quality improvement that still need improvement. As shown on Table 1, there are many areas that, however, more progress is required. Class sizes remain very high for effective learning, with an average of 69 pupils per classroom, which is the high end of sub-saharan Africa average class size ranges of 26 - 67³.

TABLE 2 KEY OUTCOME INDICATORS FOR THE EDUCATION SECTOR

KEY INDICATOR	MEASURE	YEAR	VALUE
Pupil Teacher ratio - Primary Education	Ratio	2022	54
Pupil Textbook ratio - Primary Education	Ratio	2021	4
Pupil classroom ratio - Primary Education	Ratio	2022	69
Student Teacher Ratio - Secondary	Ratio	2022	22
Student Textbook Ratio - Secondary	Ratio	2022	3
Student classroom ratio - Secondary	Ratio	2022	53
Student stance ratio - Secondary	Ratio	2022	37
Gross Enrolment Ratio - Primary Education	Percent	2022	110%
Net Enrolment Ratio - Primary Education	Percent	2021	93.1%
Net Enrolment Ratio - Secondary	Percent	2022	22%
Proficiency in Literacy, % - P.3 and P.6	Percent	2022	51.5%
Proficiency in Numeracy, % - P.3 and P.6	Percent	2022	53.05%
Completion Rate at P.7 and S.4	Percent	2022	47.5%

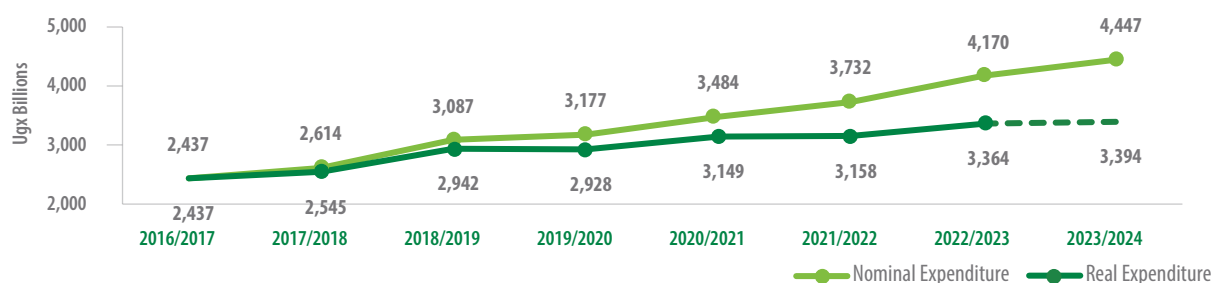
Source: Annual Budget Performance Reports, FY 2020/2021, FY2021/2022

03 EDUCATION SPENDING TRENDS

3.1 NOMINAL AND REAL EDUCATION SECTOR SPENDING TRENDS EVOLUTION

The National Budget for the Education sector has been on an increasing trend in both nominal and real terms, compared to the previous year. In nominal terms, the government has allocated Ugx4,447 billion to the education sector in FY 2023/24, marking an increase of 6.6% compared to Ugx 4,170 billion allocated in FY 2022/2023 (Figure 1). The increase is mainly influenced by additional World Bank investments for the secondary education expansion project, mainly to the African Centers of Excellence II Project and the Skills Development in Refugee and Host Communities.

FIGURE 1 EVOLUTION OF EDUCATION SECTOR SPENDING – FY2017/18 – 2023/24 (UGXBILLION)



Source: Ministry of Finance, Planning and Economic Development⁴

¹ Annual Budget Performance Report, Financial Year 2021/2022

² National Assessment of Progress in Education (NAPE), 2006

³ <https://uis.unesco.org/sites/default/files/documents/school-and-teaching-resources-in-sub-saharan-africa-2012-en.pdf>

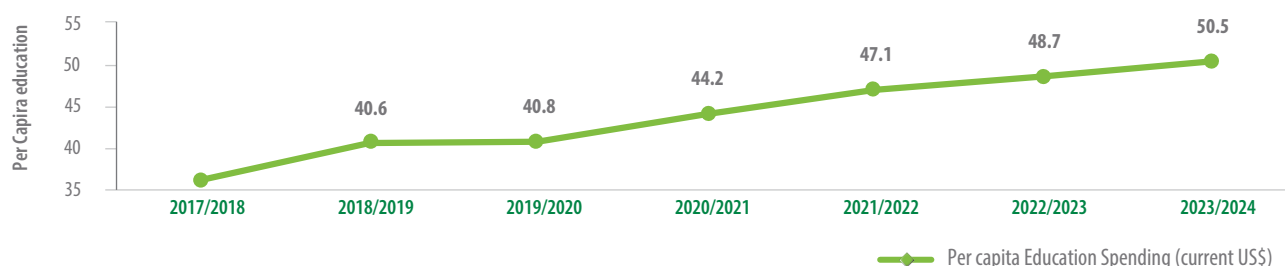
⁴ The Budget figures for FY 2022/2023 and FY2023/2024 are based on approved estimates in the approved estimates of revenue and expenditure reports.

In real terms, the total education budget has also been increasing steadily, from UGX2,437 billion in 2016/17 to UGX3,365 billion in 2022/23. This progress expresses the desire to keep cementing on progress registered to date for the sector.

3.2 PER CAPITA EDUCATION SPENDING

Based on population projections from the 2014 Census, Uganda's per capita education spending has been on an increasing trend over the years (FY 2017/2018 to FY 2023/2024). The per capita education spending is expected to increase by US\$1.8 from a per capita of US\$48.7 in FY 2022/2023 to US\$50.5 in FY 2023/2024.

FIGURE 2 PER CAPITA EDUCATION SPENDING TRENDS (USD), FY2017/2018-2023/24



Source: Ministry of Finance, Planning and Economic Development (FY2017/2018-2023/24), UBOS (Population projections⁵)

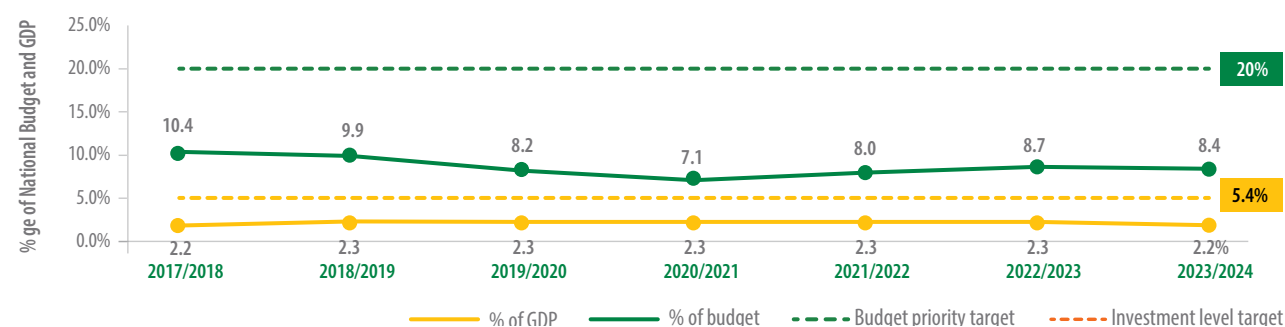
An improvement in education quality depends on an improvement in allocations per capita. The slow cumulative level of spending in per capita Education budget over years poses a huge risk to the education sector due to the projected rapid growth in the population of Uganda. The forecast is that by 2065, Uganda's population will be 131 million people compared to 45 million in 2023 and a large share of that population will be of school-age children (i.e., 3-18 years). The low per capita education spending may not only aggravate challenges in access to the education sub-sector where capacity is already constrained, such as pre-primary and primary Education, but also risks reversing the gains in enrolment rates in primary Education.

3.3 EDUCATION SECTOR SPENDING TRENDS AND INTERNATIONAL TARGETS

The Education sector budget has continuously trended below international targets. As % of GDP, Uganda has been consistently spending 2.3%, on average, against the Incheon Declaration target of 5% of GDP, since 2018/19, and this eased slightly to 2.2% in 2023/24 Approved Budget. This is below the recommended UNESCO Education for All Global Monitoring Report⁶ that requires governments to allocate 5.4% percent of the GDP to the Education sector.

As a proportion of the approved National Budget, the education sector has been allocated 8.4% of the FY2023/24 total budget, which is a decrease from 8.7% in FY 2022/23. The decline in the proportion, despite an increase in nominal value terms, is mainly on account of a higher increase in the Total National Budget from UGX48.131Trillion in FY 2022/2023 to UGX52.736Trillion in FY 2023/2024, implying growth in education spending increasing at a slower rate than the total budget.

FIGURE 3 EDUCATION SPENDING AGAINST INTERNATIONAL TARGETS, FY2017/2018-2023/24 (AS % OF GDP AND NATIONAL BUDGET)



Source: Ministry of Finance, Planning and Economic Development (FY2017/2018-2023/24)

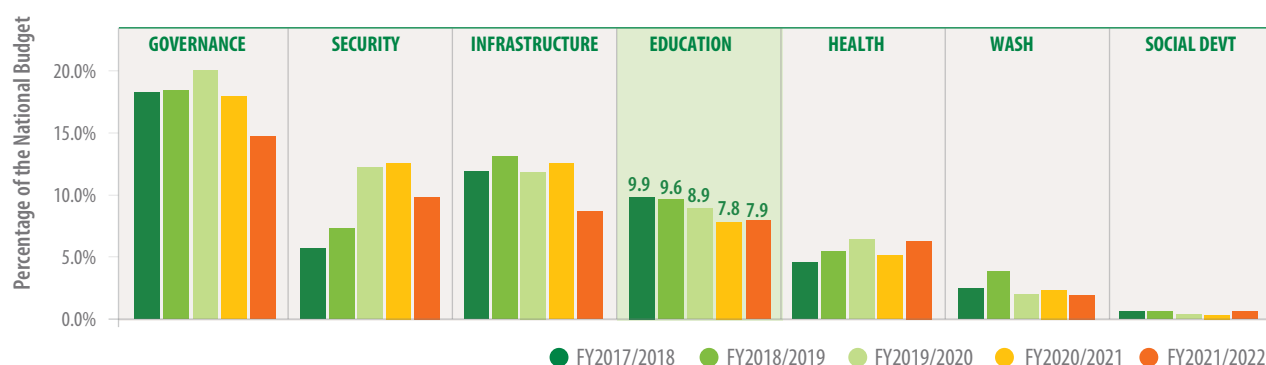
⁵ The population used in computing the per capita spending on education was between ages of 5-24 years on an assumption that it is the school going age group.

⁶ UNESCO Education for All Global Monitoring Report, <http://unesdoc.unesco.org/images/0023/002326/232654E.pdf>

3.4 INVESTMENT PRIORITY OF EDUCATION

Figure 4 below shows the summary for the investment priorities for Financial Years 2017/18 to 2021/22. Based on actual expenditures incurred for the most recent financial year under review (FY 2021/2022), the Education sector for Uganda ranks 4th in terms of the overall discretionary national budget proportions, after Governance, Security, and Infrastructure for all the years under review (see figure 4).

FIGURE 4 INVESTMENT PRIORITY OF EDUCATION IN THE NATIONAL BUDGET, FY2017/2018-2023/24 (AS % OF NATIONAL BUDGET)

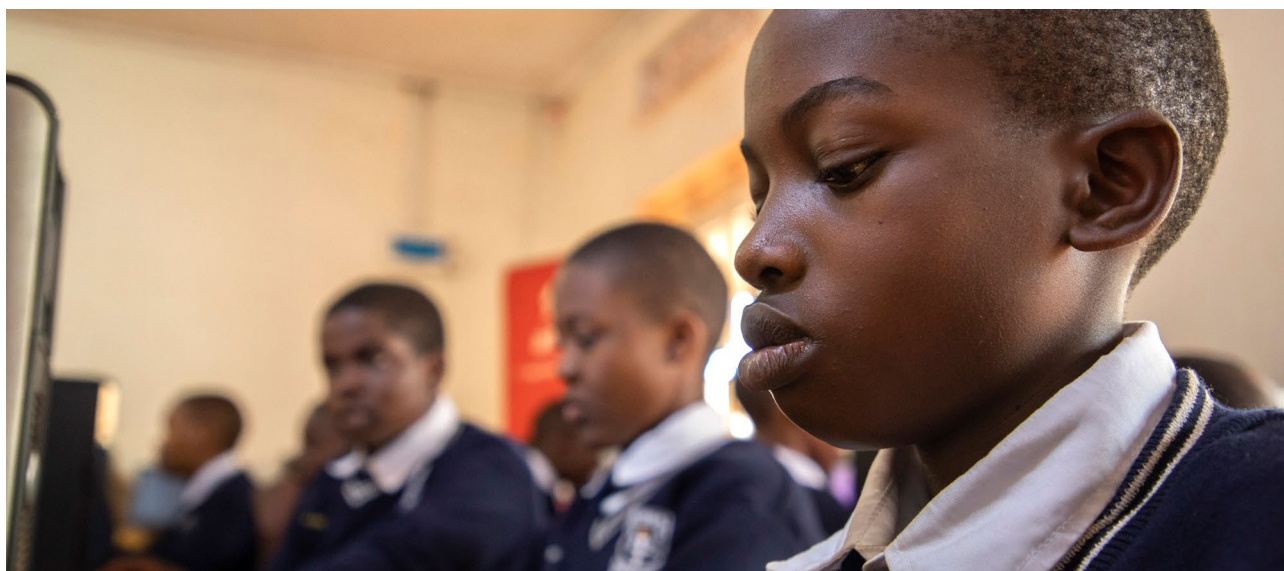


Source: Ministry of Finance, Planning and Economic Development

As shown in the figure above, actual discretionary expenditures on Education were highest in 2017/18, at 9.9% of the annual total national budget. The decline in proportions of expenditures between 2019/20 and FY 2020/2021 may be attributed to the negative impact of COVID-19, which saw schools closing for nearly two years.

KEY TAKEAWAYS

- Education spending has consistently missed international targets, below the 5% of GDP Incheon Declaration and the 20% of Total Budget Dakar declaration.
- Though per capita spending on Education has been steadily increasing, it still remains very low at USD50.50 per child per year.
- Education spending remains consistently ranked as 4th in prioritisation of spending, after governance, security, and infrastructure.
- At 2.2% of GDP the level of spending on Education in Uganda falls short of 5% of GDP of Total Budget-Dakar declaration.



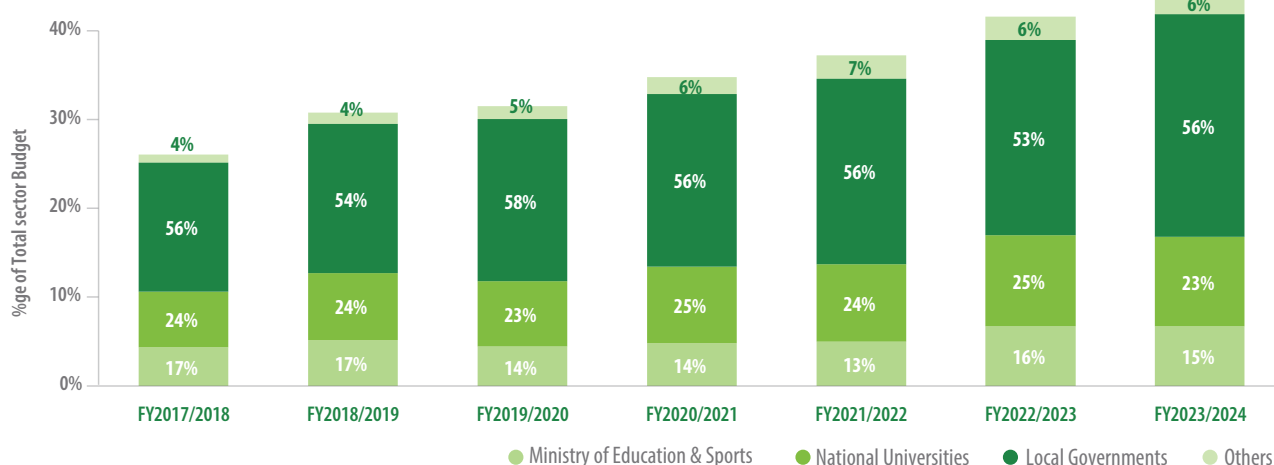
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04 COMPOSITION OF EDUCATION SPENDINGS

4.1 SPENDING BY INSTITUTION

Local governments dominate much of the spending for the education sector in Uganda. Figure 5 shows that about 56% of the education sector budget is channelled through Local Governments (KCCA inclusive), mainly for Pre-Primary and Primary Education, an increase from 53.5% in the 2022/23 Approved Budget. Approximately a quarter of the budget is through National Universities and Colleges, while 15% of the 2023/24 Approved Budget is through the Ministry of Education. However, the Approved Budgets for both National Universities and Colleges and the Ministry of Education and Sports are projected to ease slightly from 25% and 16% to 23% and 15% respectively in 2022/23 and 2023/24.

FIGURE 5 EDUCATION SECTOR SPENDING BY INSTITUTION, FY2017/2018-2023/24 (AS % OF SECTOR BUDGET)



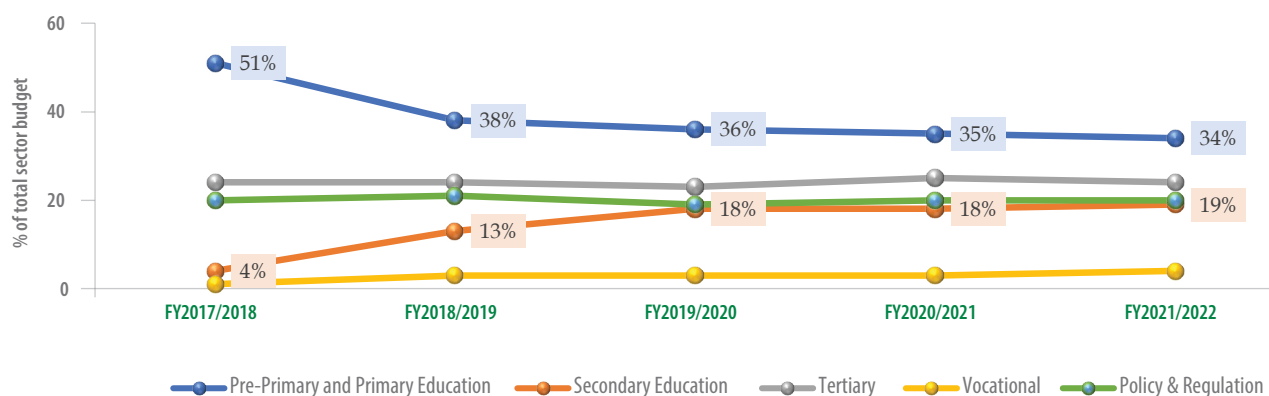
Source: Ministry of Finance, Planning and Economic Development

The bulk of the resources for the Education Sector being through local government aligns with the decentralisation policy position where social services are delivered at lower levels of government.

4.2 SPENDING BY LEVEL

The Pre-primary and Primary Education levels, though still receiving the highest budget in value terms, which have also been increasing in value terms (from Ugx 1,177Billion in 2018/19 to Ugx1,276Billion in 2021/22), have seen the proportion of the budget decline from 38% to 34% while Secondary Education Budget has been increasing from 4% to 19% in 2017/18 and 2021/22 respectively.

FIGURE 6 EDUCATION SECTOR SPENDING BY LEVEL, FY2017/18-2021/22 (AS % OF SECTOR BUDGET)



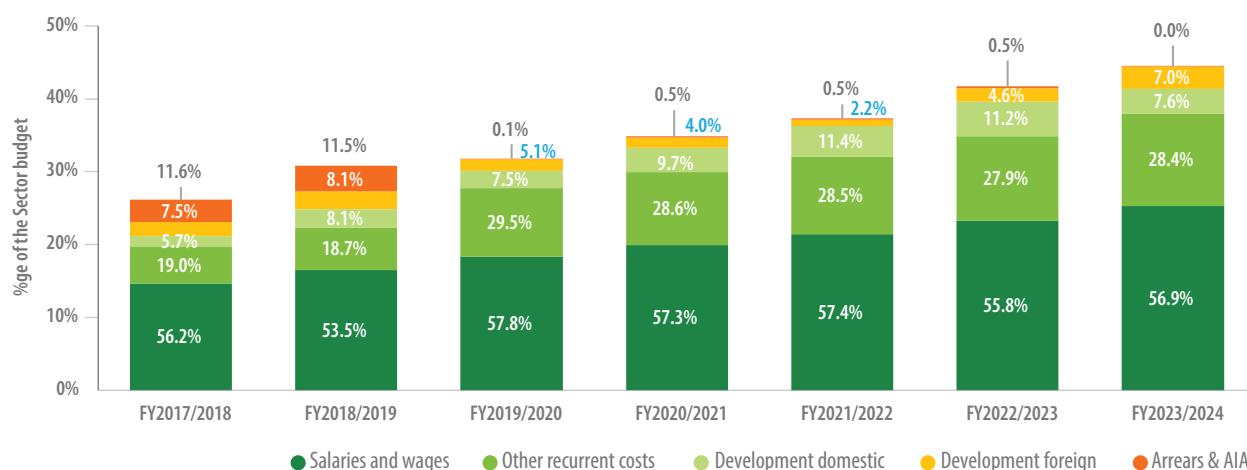
Source: Ministry of Finance, Planning and Economic Development

The decline in Development Partner Support has contributed to the decline in the proportion of Pre-primary and Primary Education. The observed shift in the level of Education, especially from 2020/21, were mainly due to the decline of the World Bank-funded Emergency Construction of Primary Schools Phase II Project, which focused on Primary Education (by Ugx 2.99Billion between 2020/21 and 2021/2022, and the corresponding increase of the GoU funded budget for the Development of Secondary Education Phase11 Project and the Uganda Secondary Education Expansion Budget which focused on Secondary Education by Ugx 5Billion in FY 2021/2022 from FY2020/2021.

4.3 SPENDING BY ECONOMIC CLASSIFICATION

In line with global trends on spending, Uganda spends the largest proportion of the government expenditure for on education salaries and wages. Due to the human intensity of the education sector, slightly more than half of education spending is on salaries, which are approximately half of the total education budget over the years. Despite a marginal decline in wage proportion, from 57.8% in 2019/2020 to 55.8% in 2022/2023, mainly on account of salary freeze across government in recent years, wage proportions are projected to increase slightly with a proportion of 56.9% in FY2023/2024 from 55.8% in FY 2022/2023 (see figure 7).

FIGURE 7 EDUCATION SECTOR SPENDING BY ECONOMIC CLASSIFICATION, FY2017/18-2023/24 (AS % OF SECTOR BUDGET)



Source: Ministry of Finance, Planning and Economic Development

Development partner support is projected to increase in 2023/24. Foreign Development Partner support, which had declined to 2.2% of total Education spending in FY 2021/2022, is projected to recover further in 2023/24 to 7%, slightly up from 4.6% in FY 2022/23. This increase in external financing is contributing to World Bank funded projects, specifically the introduction of the Uganda Skills Development in Refugee and Host communities Project with funding of Ugx20.08billion, and an increase in the African Centers of Excellence II Project by Ugx65.7Billion and the Uganda Secondary Education Expansion Project by Ugx128.6Billion.

KEY MESSAGES

- More spending for education is channeled through local governments, which are the primary agents for delivery of education services. To strengthen impact, these structures need more support to amplify their delivery capacity.
- The allocation of more resources to the secondary education is crowding out allocations to pre-primary and primary education level, a situation that may in the long term impact on inclusivity and access to basic education..
- The recovery of Foreign Development support in 2023/24 offers an opportunity for the sector to plan in a coordinated manner, through the national budget process.

05 BUDGET CREDIBILITY AND EXECUTION

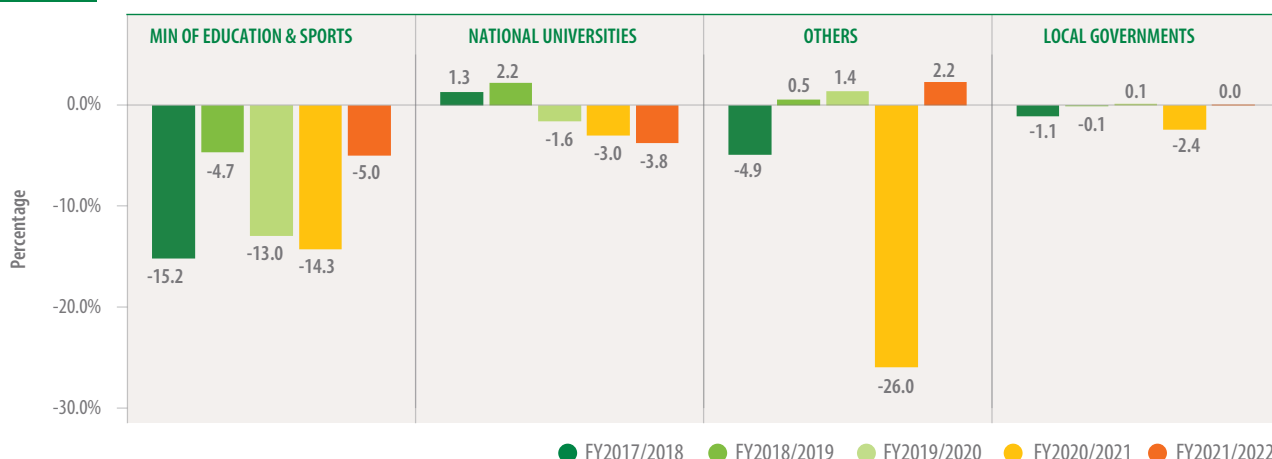
This section measures the credibility of the approved budgets. It delves into the spending patterns against the approved budget, to better understand where government spending deviates from the approved budget and by how much.

5.1 BUDGET CREDIBILITY RATES IN SELECTED INSTITUTIONS

Budget credibility for the education sector has remained weak over the years, varying across different institutions. Over the past five financial years, MOES has been the most impacted institution in terms of releases. In 2017/18, 2019/20 and 2020/21, the Ministry received fewer resources than the approved budget of –15%, –13% and –14%, respectively (see Figure 8). Though the situation improved slightly in 2021/22 to –5%, this is the same experience in 2018/19 (implying a release of 95%). This was in the range of the PEFA International standards⁷ that consider countries to have better performance if the aggregate expenditure outturns are within 5 percent (between 95% and 105%) of the approved budgeted expenditures.

In 2020/21, the other Institutions had an under release of –26%, implying that only 74% of the annual sector budget was released, mainly on account of poor releases to the Uganda National Examination Board (UNEB) due to funds not captured by the system because they were spent at the source. Improvements were, however, registered with an over-release of 2% in 2021/22 for ESC and NCHE, attributable to the new recruitments that triggered supplementary budgets.

FIGURE 8 DIFFERENCES IN APPROVED AND RELEASED INSTITUTIONAL BUDGETS FOR EDUCATION, FY2017/18 -2021/22



Source: Ministry of Finance, Planning and Economic Development (2017/18–2021/22)⁸

On the other hand, Local governments' (KCCA inclusive) releases against the approved budgets have remained high over the review period, mainly regarding wages and salaries that account for the biggest proportion of district-level education budgets.

5.2 BUDGET EXECUTION RATES IN SELECTED INSTITUTIONS

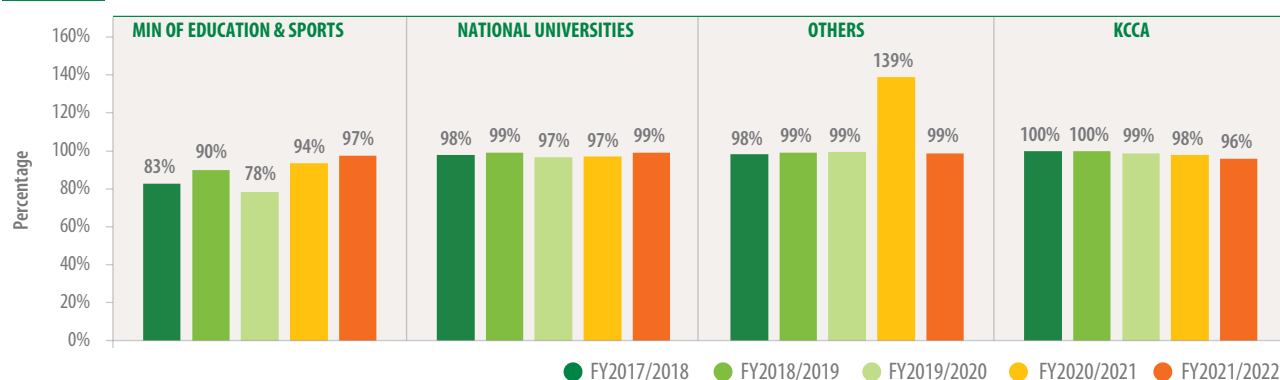
Execution of the Education Sector Budget against released resources remains very high⁹. Due to the nature of the education spending, with most being wages and salaries as the sector is human intense, spending against released resources has not been a major challenge, though it varies across institutions. Figure 9 below shows the execution rates against releases for the sector.

⁷ Public Expenditure and Financial Accountability (PEFA) Framework for the Assessment Of Public Financial Management, 2016, Link: PEFA 2016_latest version with links (2).pdf, Page 14-15

⁸ Actual expenditure data is presented based on Ministry of Finance's Government Accounts data available until 2021/22 as MoFPED's Government Accounts actual expenditure data is not yet available for FY 2022/2023.

⁹ The budget execution rates excluded Local government rates (excluding KCCA) because the Actual expenditure data for local governments was not readily available in the annual Budget Performance reports.

FIGURE 9 DIFFERENCES IN RELEASED AND ACTUAL INSTITUTIONAL BUDGETS FOR EDUCATION, FY 2017/18 TO 2021/22



Source: Ministry of Finance, Planning and Economic Development (2017/18–2021/22)⁵

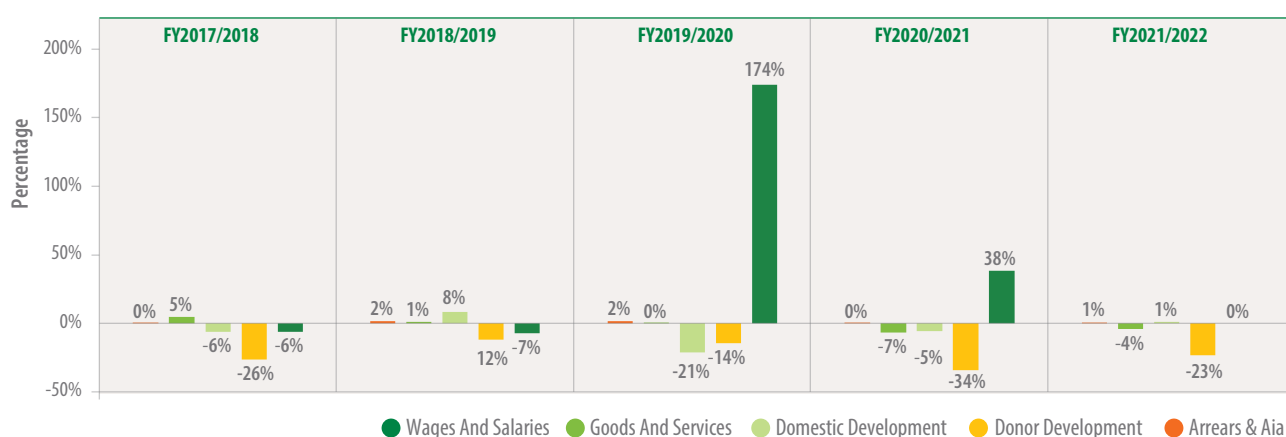
Figure 9 shows that in 2021/22, all institutions' budget execution rates were at least 96%, which is a positive development in the post-COVID-19 recovery efforts. On the other hand, for FY 2020/2021, an overspent of 139% in the other institutions category was attributable to UNEB funds that were spent at the source directly and not captured in the budget process but were captured in the expenditure report.

5.3 BUDGET CREDIBILITY RATES BY ECONOMIC CLASSIFICATION

Releases on the Wage Budgets in the education sector perform quite well compared to other expenditure lines. For all the years under review, there was no under-release in wages, an undertaking that the government is willing to ensure that all its workers in the sector are compensated as expected.¹⁰ (Figure 10).

However, development budgets have been most impacted, with less than budgeted resources released. In 2017/18, the Donor Development budget had an under-release of -26%, implying that only 74% of the annual sector budget was released. However, slight progress has been registered with an under-release of -23% in 2021/22 (implying a release of 77%). The Domestic Development budget is also impacted the same way, though to a lesser extent compared to Donor Development.

FIGURE 10 DIFFERENCES IN APPROVED AND RELEASED RECURRENT AND CAPITAL BUDGETS FOR EDUCATION, FY2017/18 TO 2021/22



Source: Ministry of Finance, Planning and Economic Development

In FY2019/2020, the sector received an over-release of 174% for Arrears and Appropriation in Aid. This mainly arose from the Ministry of Education and Sports' challenges of certificates from contractors whose payments could not be defrayed from funds for FY 2020/21 as that would have been a mischarge. This likely increased the stock of arrears and accumulation of interest, which tantamounted to nugatory expenditure¹¹ However, the situation improved in 2021/22 as shown on Figure 10.

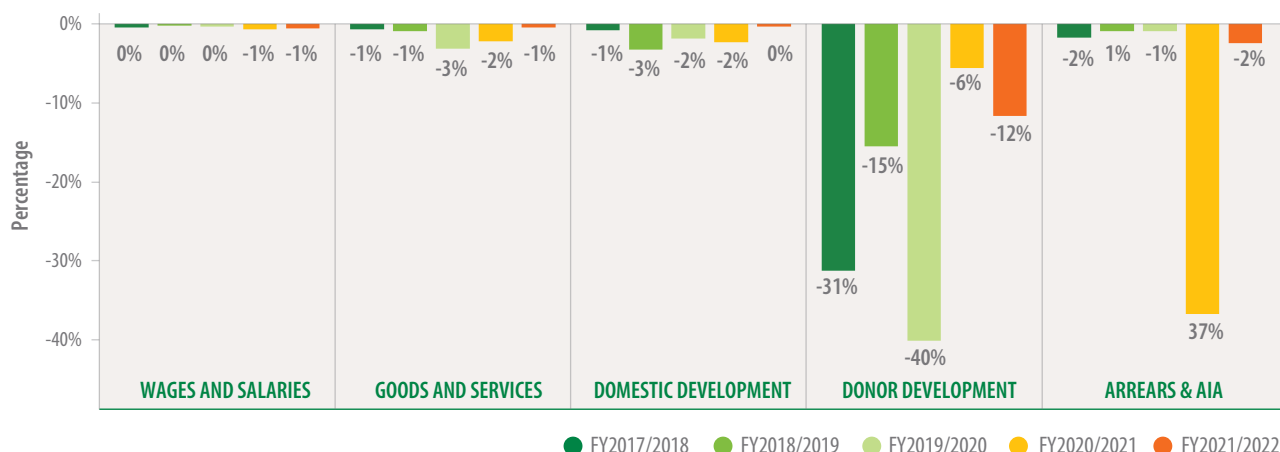
¹⁰ The budget credibility is measured by the deviation between approved budgets at the start of the fiscal year and the released amount throughout the financial year.

¹¹ Annual Budget Performance Report, Financial Year 2019/2020

5.4 BUDGET EXECUTION RATES BY ECONOMIC CLASSIFICATION

Spending on releases against Development Partner Support budget remains the biggest challenge for the education sector in Uganda. While releases against approved foreign development support is of great concern, it is more concerning to note that expenditure against released foreign funding further worsens the situation for the Education sector. Figure 11 below provides a summary of expenditures against releases for the period under review.

FIGURE 11 DIFFERENCES IN RELEASED AND ACTUAL RECURRENT AND CAPITAL BUDGETS FOR EDUCATION, FY 2017/18 TO 2021/22



Source: Ministry of Finance, Planning and Economic Development

Spending against development releases, which had slightly improved to underspend of –15% in 2018/19 from –31% in 2017/18, worsened to –40% in 2019/20. Though the situation has shown some recent improvement, an underspend of –12% in 2021/22 still shows the need for more concerted efforts to improve spending. Considering that foreign development partner support comprises of not only Grants, but also Loans, the country suffers prejudice on service delivery and costs as the unspent resources continue to attract interest with no service accruing.

KEY MESSAGES

- Budget releases against approved budgets have remained relatively low for all institutions in which the Ministry of Education and Sports was affected most, where on average, received less than 90% of approved resources.
- For all institutions, expenditure against releases has remained very high, mainly on account of the fact that the biggest proportion for the sector is wage expenditures.
- Budget execution on development partner support remains a huge challenge, with less resources released ultimately spent for all the years under review.

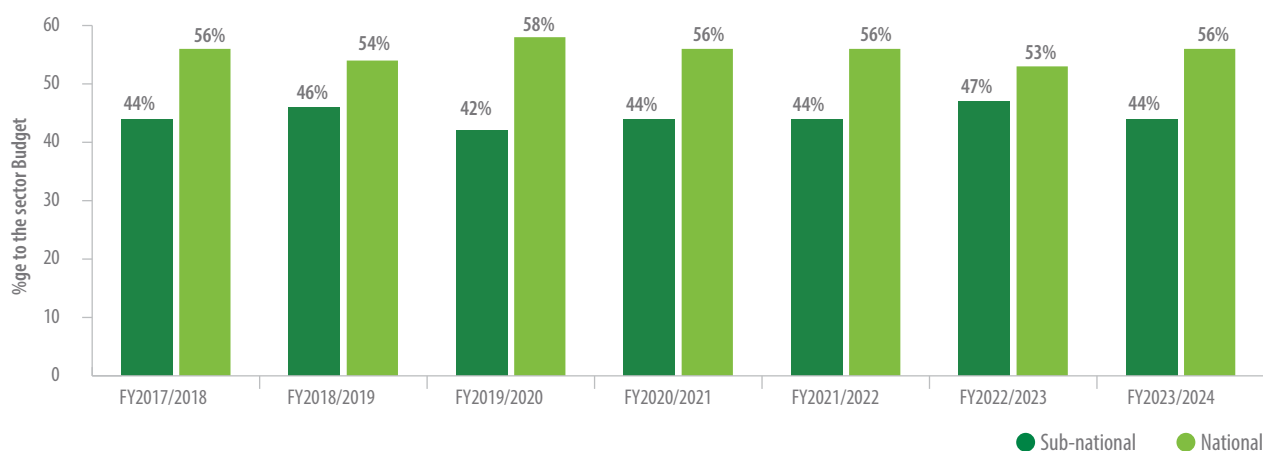
06 DECENTRALISATION AND EDUCATION SPENDING

This section provides an analysis of the level of government at which the spending is taking place and an indicator critical to demonstrating how much of the resources spent reaches the last mile of service delivery.

6.1 NATIONAL¹² AND SUB-NATIONAL EDUCATION SPENDING TRENDS

More than half of the resources for the education sector are spent at sub-national level. In FY 2023/2024, expenditure on Education at district level is expected to increase by 7% from Ugx4,170 billion allocated in FY 2022/2023. This will see the total district-level budget increase from 53% in 2022/23 to 56% of total education spending in 2023/24, thus aligning with the policy position on decentralisation where social services are delivered at lower levels of government (see Figure 12).

FIGURE 12 TRENDS IN THE NATIONAL AND SUB-NATIONAL EDUCATION SPENDING, FY 2017/18-2023/24 (AS %GE OF THE SECTOR BUDGET)

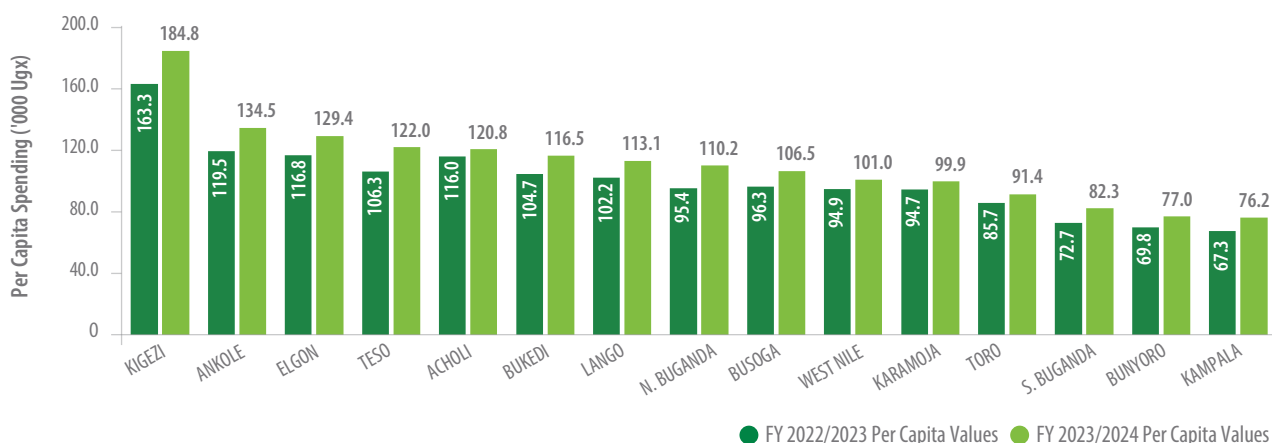


Source: Ministry of Finance, Planning and Economic Development

6.2 EDUCATION SPENDING BY SUB-REGIONS

Per capita spending¹³ on Education differs greatly among the sub-regions¹⁴ in Uganda. Figure 13 below summaries the situation for financial years 2022/23 and 2023/24.

FIGURE 13 EDUCATION SECTOR SPENDING BY SUB-REGION (PER CAPITA)



Source: Ministry of Finance, Planning and Economic Development, UBOS Population Projections

¹² These include all votes under the Education sector except Vote 122: KCCA and the Education Local Governments Grant expenditures and approved estimates.

¹³ The population used in computing the per capita spending on education by region was between ages of 5-24 years on an assumption that it is the school going age group.

¹⁴ This is calculated by grouping all the districts into the Nationally determined sub-regions for Uganda. The same was applied for the population data of the relevant age groups, from UBOS population projections

On per capita terms, the Kigezi sub-region received the highest per capita allocations, amounting to Ugx184,800 shillings in FY 2023/2024, an increase from Ugx163,300 shillings in FY 2022/2023 allocations. While Kampala got the lowest capita allocation of Ugx76,200 shillings per child in FY 2023/2024, it is also a slight improvement from the per capita allocation of Ugx67,300 shillings per student in FY 2022/2023. This is linked to the fact that the Intergovernmental Fiscal Transfer Formula (IFTRF) for the education sector is not being applied anymore. Thus, the need for IFTRP reform to be put into consideration in addressing these inequities.

KEY MESSAGES

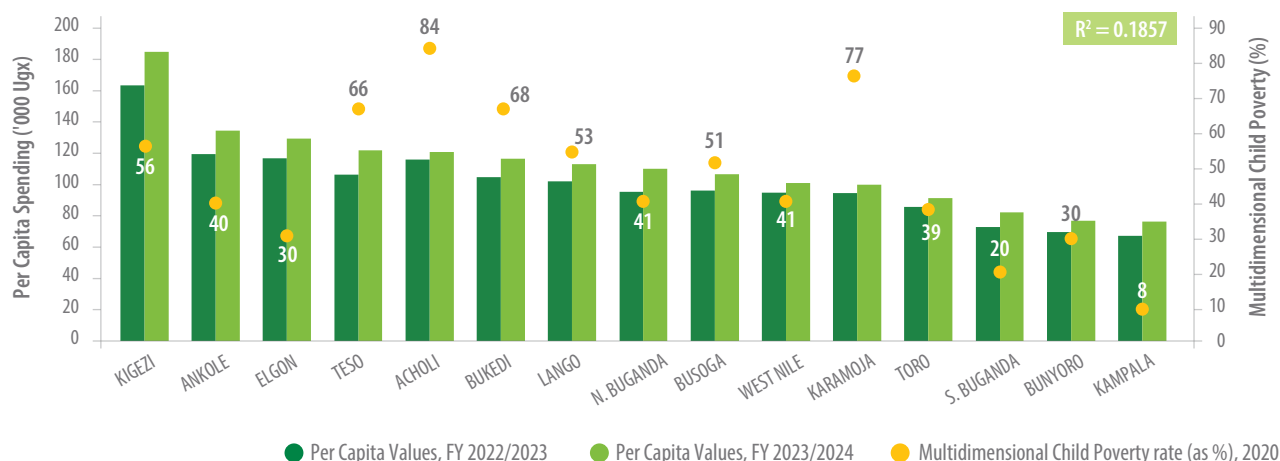
- More than half of the funds for the Education sector are spent at Local Governments, thus aligning to the policy position on decentralisation where social services are delivered at lower levels of government.
- There is need to strengthen the relationship between budgeting and the population profiles of each sub-region to reduce inequities. This would require further strengthening of the intergovernmental fiscal transfer formula (IFTRF) to take into account population in education developments.



07 PER CAPITA EDUCATION SPENDING AND POVERTY RATES BY DISTRICT

Resources allocation is weakly related to multi-dimensional poverty prevalence. In per capita terms, Kigezi sub-region got the highest allocation, in both FY 2022/23 and FY 2023/24 Approved budgets, though its multi-dimensional child poverty remains way below the multi-dimensional child poverty rates of Karamoja, Acholi, Teso and Bukedi sub-regions among others (See Figure 14). Acholi and Karamoja sub-regions, despite having the highest multi-dimensional child poverty in the country, at 84% and 77% respectively, only ranked 5th and 11th respectively in per capita allocations in both 2022/23 and 2023/24 Approved Budgets, a situation that needs further reconsideration when allocating resources.

FIGURE 14 PER PUPIL EDUCATION SPENDING AND MULTI-DIMENSIONAL CHILD POVERTY RATES BY SUB-REGION, FY2022/23-2023/24



Source: Ministry of Finance, Planning and Economic Development, UBOS

The figure above shows that there is little correlation between the per-pupil education spending and multi-dimensional child poverty. Specifically, higher levels of spending tend to occur in sub regions that have lower multi-dimensional child poverty rates. Thus, there is a need to be extremely intentional in using the intergovernmental fiscal transfer formula (IFTRF) to address such inequalities in the education sector.

KEY MESSAGES

- There is a weak relationship between multi-dimensional poverty prevalence and per capita allocations of Education, with sub-regions having low multi-dimensional poverty also having higher per capital allocations.

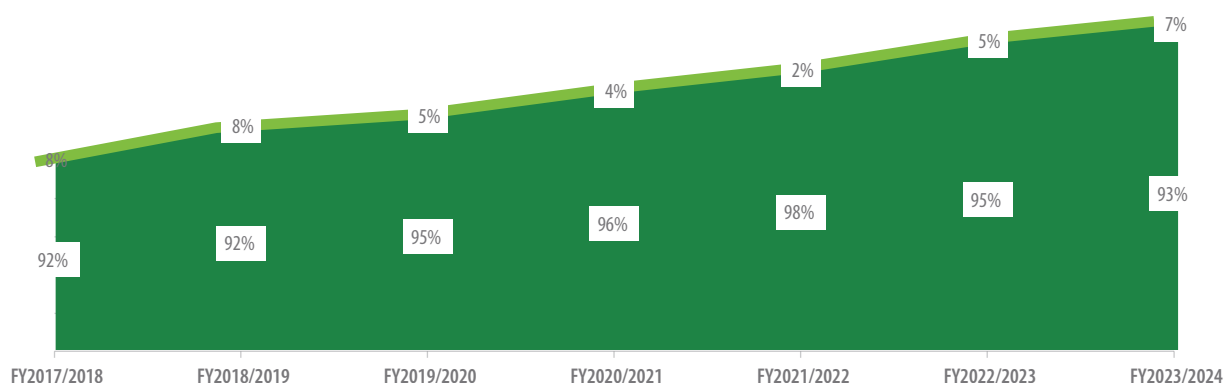
08 PUBLIC FINANCING OF THE EDUCATION SECTOR

This section explores the major sources of financing for the education sector, through the national budget process.

8.1 MAIN SOURCE OF ON-BUDGET FINANCING THE EDUCATION SECTOR

Over the years, the education sector on-budget finances have mainly been funded from domestic resources. Domestic resources, which form the bigger part of education financing, have been on an increasing trend over the years (FY2017/18-FY2021/22) except in FY 2023/24, where a decline was registered, at 93% from 95% in FY2022/2023 (see Figure 15).

FIGURE 15 MAIN SOURCES OF ON BUDGET FINANCING FOR THE EDUCATION SECTOR, FY2017/2018-2023/2024 (% OF TOTAL SECTOR BUDGET)



Source: Ministry of Finance, Planning, and Economic Development

The proportion of external financing has begun to recover, following a phase of decline. As the share of the total education budget, external financing continued to decline, from 8% in 2017/2018 to 2% in 2021/2022. However, the external resources recovered slightly to 7% in FY2023/2024 from 5% in FY 2022/2023. The slight increase of the external resources for Education in FY2023/24 attributable to a new project, Uganda Skills Development in Refugee and Host Communities, with Ugx20.08billion, and an increase in the African Centers of Excellence II Project by Ugx65.7Billion as well as the Uganda Secondary Education Expansion Project by Ugx128.6Billion, mainly funded by the World Bank.

8.2 DONOR ON-BUDGET FUNDING OF THE EDUCATION SECTOR BY DAC AND NON-DAC MEMBERS

Over the years, the number of Development Partners for the Education sector (on-budget support) have been declining. In total the sector had 7 donors in FY 2018/19, which have now reduced to 2 in the in FY2023/24 (See table 4). Amongst the donors, the World Bank has been the major and consistent on-budget financier of the Education sector, who will contribute 83% of total development partner support in 2023/24, up from 61% in 2022/23.

TABLE 3 DONOR ON-BUDGET FUNDING BY DAC AND NON-DAC MEMBERS (AS % OF TOTAL DONOR FUNDING)

FINANCIER	2018/2019	2019/2020	2021/2022	2022/2023	2023/2024
Africa Development Bank (ADB)	40%	8%	-	-	-
Arab Bank for Economic Development in Africa	-	-	-	39%	-
Belgium	8%	35%	50%	-	-
World Bank	45%	57%	48%	61%	83%
Islamic Development Bank	3%	-	1%	-	-
Japan	1%	-	-	-	-
Organization of Petroleum Exporting Countries (OPEC)	3%	-	-	-	17%
Total On Budget Donor Budgets (Ugx Billions)	251.05	162.24	83.15	189.922	311.752

Source: Ministry of Finance, Planning and economic Development

The majority of Development Partners are channeling their resources off-budget to the sector. Though it remains a huge challenge to quantify the resources through off-budget, other major development partners for the education sector in Uganda are channeling their resources through off-budget.

KEY TAKEAWAYS

- The Government of Uganda remains the biggest funder for Education through the budget system. Development partner support remains largely off-budget, with only a few partners supporting through on-budget.
- External support to Education shows that there has been a decline in the number of donors over the years, with the International Development Association (World Bank) being the major and consistent funder of the Education sector.



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