Introduction

The objective of the education budget issues paper is to provide a platform to help articulate focused dialogue to address issues in the education sector. It does not attempt to identify a definitive list of ‘what’ key sector issues are – as this would undermine ownership and existing processes\(^1\) – but instead aims to use data and analysis as a basis for sector discussions to support the development of the FY2019/20 Budget Framework Paper (BFP), which is due mid-November 2018.

Sector Outcomes and Spending Trends

Primary completion rates have declined, and educational attainment is lower than in other East African Community (EAC) countries. Uganda’s primary completion rate declined from 60 per cent in 2001–05 to about 55 per cent in 2011–15. This decline is in sharp contrast to the improving rate in other EAC, sub-Saharan Africa (SSA) and low-income developing countries (Figure 1) and has affected literacy rates adversely from the mid-2000s (Figure 2). To put this in context, at the end of grade 4, just over 35 per cent of students in Uganda can read a paragraph compared with twice that proportion in Kenya.\(^2\)

**Figure 1:** Primary School Completion Rate

**Figure 2:** Literacy and Numeracy Rates at P6

Source: World Bank Development Indicators and Service Delivery Indicators. Education Sector Performance Reports

Declining outcome trends are strongly correlated with reduced sector spending, which is significantly lower than the regional average. The share of Education sector spending as a proportion of total government spending and as a proportion of GDP has declined sharply from 2000 (Figure 3). It is lower than comparative countries (Figure 4) and per pupil spending on primary education is half the SSA average (UNESCO 2016).

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\(^1\) Examples include the recently concluded joint sector review process and sector working group approach

**Figure 3:** Uganda Education Expenditures

**Figure 4:** Uganda Education Expenditures vs. Peers

Source: World Bank Development Indicators, MTEFs and Annual Budget Performance Reports

**Issue 1: Early grade ‘traffic jam’ and non-salary squeeze on primary education spending**

**Children are stuck in early primary school grades and failing to transition into lower secondary.** In Uganda, this is compounded by three factors outlined in Table 1 and has led to swollen numbers in early grades driven by a high level of repetition. This has subsequently led to a far lower transition rate into lower secondary compared with regional peers (Figure 5). Recent evidence suggests that out of 1.7 million children entering the education system at P1, only 100,000 complete ‘O’ levels. This reflects a highly inefficient use of resources for a small pool of students.

**Table 1: Factors driving the early grade ‘traffic jam’**

<table>
<thead>
<tr>
<th>Area</th>
<th>Challenge</th>
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<tbody>
<tr>
<td>Student flow</td>
<td>Children enter at different ages, attend irregularly, repeat years and learn little</td>
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<tr>
<td>Learning environments</td>
<td>Large class sizes of different ages, few learning materials and teachers not trained to teach reading and numeracy</td>
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<tr>
<td>Language policy</td>
<td>Children and teachers are unfamiliar with the language of instruction</td>
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**Figure 5: Survival rates into lower secondary (% of students)**

Source: World Bank, 2018

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3 Peers selected based on countries that have attained a similar level of progress in primary education

4 Interview comment – Director, Ministry of Gender, Labour and Social Development
Non-salary funding to primary education has been in decline over the past 20 years. Figure 6 illustrates how non-salary funding for primary education to local governments has been declining in real terms per pupil.\(^5\) The universal primary education (UPE) capitation grant for operational support to primary schools (to cover the loss of school fees) was Ush. 7,000 per primary pupil in 2016 – roughly a third of what it was when UPE was introduced in the late 1990s. The school’s facilitation grant for the construction of classrooms and latrines and the provision of furniture has halved from Ush. 14,000 to 7,000 over the same period. The introduction of universal secondary education in 2006 and more recent efforts to scale up vocational education have squeezed resources at the base of the education system, yet the early grade ‘traffic jam’ is likely to be compounded in coming years due to Uganda’s high total fertility rate.\(^6\)

**Figure 6:** Primary education sector grants per pupil (2016 prices)

Source: MTEFs, annual budget performance reports

Issue 2: Inadequate targeting and resource shortfalls for school inspection and teacher training

Teachers play a key role in the attainment of learning outcomes, yet multiple leakages exist in teacher management in Uganda. Table 2 illustrates a spectrum of common leakages across teacher management and Figure 7 illustrates how Uganda fares worse in teacher absenteeism and knowledge in the classroom than EAC and SSA peers. To put this in context, out of a sample of nine countries in SSA, only Mozambique had higher absenteeism rates than Uganda. Uganda scored worse on teacher knowledge of maths, pedagogy and lesson preparation compared with Tanzanian and Kenyan schools in the survey.

**Table 2:** Leakages in teacher management

<table>
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<tr>
<th>Area</th>
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<tbody>
<tr>
<td>Teacher recruitment</td>
<td>Teaching attracts the better educated, but pre-service preparation is inadequate</td>
</tr>
<tr>
<td>Teacher deployment</td>
<td>Allocations vary widely across schools and the control of allocations and transfers is weak</td>
</tr>
<tr>
<td>Teacher absenteeism</td>
<td>Teachers are absent from school and from the classroom. Problems stem from issues with leave policy and weak school-level management</td>
</tr>
<tr>
<td>Teacher knowledge</td>
<td>Teachers lack ongoing support to improve teaching and materials and conditions are unconducive</td>
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</table>

Source: World Bank, 2018

\(^5\) Over 90 per cent of the primary education budget is decentralised.

\(^6\) At 5.9, Uganda has the highest fertility rate when compared with countries that have made comparable rates of progress in primary education.
Allocations to primary teacher colleges and for school inspection have been volatile. The government made positive efforts to increase the school inspection function and decentralise operational funds to primary teacher colleges to strengthen teacher management in primary education. However, spending has not always matched intentions and releases have been increasingly volatile (Figure 8). On a per pupil basis, the school inspections grant only began to pick up three years after it was initiated in 2010. Operational support for primary teacher colleges was decoupled from the central Ministry of Education and Sports (MoES) budget in 2012 after initially being comingled with other forms of teacher training in the sector. Releases for primary teacher colleges have been increasingly volatile and have declined in real per pupil terms by 400 Ush.

Better targeting is required on information from school inspections and on unit costs for primary teacher colleges. Officials cited ambiguity in how information from school inspection visits is used for corrective action. For example, it is unclear whether the Ministry should act, whether the issue should remain at the local level, or whether this is best addressed through head teacher/parent associations. The volatility of transfers to primary teacher colleges suggests that the unit costing formula needs to be further explored to examine the key cost drivers for the grant to ascertain the correct balance between teaching materials vs. stipend-related costs.

On-budget donor project support has historically not focused on addressing shortfalls in the UPE system. Unlike other social sectors, donor project support has been limited in Education, with most of the support in the late 1990s and early 2000s targeted through budget support. When UPE was rolled out, budget support donors such as DFID undertook complementary project support to help establish data collection and analysis capacity for district transfers through the education management information system (EMIS). However, for much of the last 20 years, donor support has been aimed at other areas of the education system – rather than supporting UPE.

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7 This was highlighted in the recent joint sector review and raised during stakeholder meetings.
8 Examples include: Belgium support for PFM in remote districts; Germany support for vocational training (BTVET); IDA and ADB supported secondary school construction and teaching materials.
There is evidence that this is beginning to change, which could be a welcome injection to address structural challenges and efficiency gaps in the delivery of primary education.

Figure 9 illustrates that donor project allocations in 2016 constitute over 10 per cent of the sector budget – the highest level in 20 years. Figure 10 shows how an increasing number of new donors are entering the sector.\(^9\)

**Figure 9:** GoU and donor project shares of education sector spending (%)

**Figure 10:** On budget project support by donor ($US million)

Source: Ministry of Finance MTEFs and Annual Budget Performance reports and the Aid Management Platform

Recent evidence suggests that capacity gaps exist at the line ministry level to collect, analyse and use data to help improve resource allocation for better learning outcomes.

Table 3 depicts the four main capacity components that line ministries should have to strengthen their role in illustrating and advocating for better learning outcomes. The recent challenges experienced with the EMIS suggest that these capacities are not being fully maintained, which could adversely affect intra sectoral decision making.\(^10\)

**Table 3:** Capacity requirements for the MoES

<table>
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<tbody>
<tr>
<td>Data collection and analysis</td>
<td>The feedback of information that is critical for directing conditional grants to districts based on student needs (enrolment, poverty, learning levels, etc.)</td>
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<tr>
<td>Technical skills</td>
<td>Curriculum, development of materials, assessment, teacher training, planning, etc.</td>
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<tr>
<td>Coordination</td>
<td>Across the range of stakeholders (Donors, the MoFPED, Parliament, Ministry of Public Services)</td>
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<tr>
<td>Negotiation</td>
<td>With politicians, local governments, parents, unions, etc.</td>
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It is important that new donor support is targeted at addressing the above capacity constraints. All the major structural challenges identified in primary education (non-salary conditional grants, the inspection function and oversight of teacher training needs) stem from data and information asymmetries. The nature and size of the sector requires a strong level of capacity for the line ministry to collect, analyse and make allocative decisions accordingly. Targeted donor assistance would support this process.

\(^9\) DFID, Belgium and the World Bank have all made new pledges in this area.

\(^10\) The MoES could not publish the statistical annex and subsequent league tables due to shortfalls in operating the EMIS. Manual requests were made to Chief Administrative Officers to collect this information.
Recommendations

1. **Non-salary funding for districts.** The Ministry of Finance to scale up non-salary resources to districts that meet the relevant performance criteria under the revised conditional grant structure and publish in the FY2019/20 BFP.

2. **Teacher training and inspection functions.** The Ministry of Education and Sports to develop a more targeted approach to teacher training and management of the school inspection grant in the FY2019/20 BFP. The role and information flows for inspection reporting and unit cost assumptions for primary teacher colleges should be clearly articulated.

3. **Targeted donor assistance to strengthen the management of UPE.** The Ministry of Education and Sports to target donor assistance to strengthen capacity gaps. Medium-term plans and a road map of interventions should be articulated in the FY2019/20 BFP.