

## **ISER Position paper on formulation of framework on provision of education by private actors in education, UPE and USE Capitation grants funding and construction of primary and secondary schools as per the Education Sector budget for FY2019/20**



**Pupils of Awil Primary School in Arua District writing their exams under the tree**

April, 2019

Copyright

©

2019

Initiative for Social and Economic Rights (ISER)

All rights reserved.

ISER is a registered non - governmental organization (NGO) in Uganda founded in 2012 to promote the effective understanding, monitoring, accountability, implementation and realization of economic and social rights.

For more information, please visit <https://www.iser-uganda.org>

Cover Photo: ISER

Recommended Citation

Initiative for Social and Economic Rights (ISER) 2019, Position paper on formulation of framework on provision of education by private actors in education, UPE and USE Capitation grants funding and construction of primary and secondary schools as per the Education Sector budget FY2019/20, Kampala, Uganda.

## 1. Introduction

The Ministry of Education and Sports is the overall overseer of the education sector, its mandate is to provide quality education and sports services in the country as mandated by the Constitution.<sup>1</sup> It is therefore responsible for providing technical support, guidance, coordination, regulation and promotion of quality education, training and sports to all persons in Uganda for national integration, development and individual advancement. The sector is also guided by the midterm and long term sectoral, national development plans as well as international policy and political commitments in relation to the NRM manifesto of 2016 – 2021.

Under the National Development Plan (NDP II) 2017 – 2020 and the Education and Sports Strategic Plan (ESSP) 2017 – 2020, the sector set out to achieve and implement three strategic objectives and priority interventions; i) achieve equitable access to education and training, ii) enhanced quality and relevant education and training, iii) efficient and effective delivery of education and sports and development of physical education and sports outside schooling system.

This paper analyses the trends of budget allocation towards the formulation of a framework on provision of education by private actors; UPE and USE capitation grants financing; and funds for construction of primary and secondary schools in the past years as well as the need for the ministry of education and sports to provide proper accountability for the funds so far saved from the phasing out of Public Private Partnerships (PPPs) from the Universal Secondary Education (USE) in FY2019/20.

## 2. Education Sector Budget Analysis FY2019/20

The total projected sector budget for FY2019/20 is UGX 3,280bn This represents an increase of UGX 504.6bn– inclusive of appropriation in aid from the UGX 2,781.127bn approved budget in FY2018/19 as shown in the table 1 below;

**Table 1: Comparison in budget allocation between FY2018/19 & FY2019/20**

Item	FY2019/20 (UGX bns)	FY2018/19(UGX bns)	Difference (UGX bns)
Wage	1,840	1626.44	213.56
Non – wage	840	577.80	262.2
GOU – Development	280	239.931	40.069
External Development	310	336.892	(-26.892)
<b>Total</b>	<b>3,280</b>	<b>2,781.127</b>	<b>504.6</b>

*Source: ISER's Compilation from the Education and Sports Sector Ministerial Policy Statement for FY2017/18 & FY2019/20.*

However, it should be noted that despite the increase in budget allocations from UGX 2,781.127bn in FY2018/19 to UGX 3,280bn in FY2019/20, the sector share of the national budget is projected to reduce from 11.08% to 10.26%.

<sup>1</sup> Ministry of Education and Sports. Available at <http://www.education.go.ug/> last accessed on April 2, 2019  
**Plot 60, Valley Drive, Ministers Village, Ntinda | P.O. Box 73646 Clock Tower, Kampala-Uganda**  
**Tel: +256 414 581 041 | E-mail: [info@iser-uganda.org](mailto:info@iser-uganda.org) | Website: [www.iser-uganda.org](http://www.iser-uganda.org)**

### **3. Compliance of the education sector with the National Development Plan (NDP) II and Education and Sports Strategic Plan (ESSP) 2017 – 2020**

Although there has been consistency in growth of the education sector budget [UGX 2, 029.1bn in FY2015/16, UGX 2,454.61bn in FY2016/17, UGX 2,501.20bn in FY2017/18, UGX 2,782.57bn in FY2018/19 and UGX 3,280 in FY2019/20], there has been inconsistency in sector compliance with the NDP II and ESSP projections. The education sector budget has only complied once with the NDP II projected costing – that was in its first fiscal year and since then the allocations have fallen short of the projections. The sector allocations have also fallen short of the ESSP projections. As a result of the non – compliance of the education and sports sector actual allocations with the projected NDP II and ESSP 2017 – 2020 allocations, the sector has registered poor performance in a number of core areas for delivery of education as explained below;

#### **4. Sector concerns for FY2019/20 education sector budget**

##### **4.1. Formulation of a framework on provision of education by private actors in education**

In FY2018/19, one of the major priorities for the sector included; the education sector paying a close attention to regulating activities of private schools. This was based on research evidence contained in the Uganda National Household Survey 2016/17 that indicated over 35% of students attributing their school drop out to the unaffordable costs as the cause.<sup>2</sup> In ensuring effective regulation of the private sector, the Private Schools and Institutions Departments (PSID) in the Ministry of Education and Sports set out to develop a framework on provision of education by private actors in FY2018/19. However, from analysis of the budget allocations to the PSID in FY2018/19, the department did not receive funding for this activity and thus it has remained unfunded despite being a priority output that the sector had set out to implement in FY2017/18 as per the Education and Sports Sector Strategic Plan. It is important to note that high schools charges are not only affecting access to education for only children in private schools but also public and government aided schools. There is need for;

- i. Parliament to allocate funds towards the formulation of a framework on provision of education by private actors*
- ii. Parliament directs Ministry of Education and Sports to formulate and implement a policy on rationalization of charging of school dues in public and government aided schools.*

##### **4.2. Limited financing for the Universal Education Programs**

###### **a. Inappropriate formulae used in allocation of UPE capitation grants as a result of the limited budget allocation**

Over the last three financial years (2015/16 – 2017/18), the capitation grants budget allocations have not matched with the enrollments in primary schools as shown in the table below;

---

<sup>2</sup> National Budget Framework Paper FY2018/19, P.21

**Table 2: UPE capitation grants expenditure for FY2015/16 – FY2017/18**

FY	Actual expenditure (UGX)	Number of pupils	Unit share per pupil	Expected Expenditure per UGX 10,000 unit cost (UGX)	Actual as per UGX 10,000 unit cost (UGX)	Financing gap
FY2015/16	66,664,000,000	6,993,962	9,531.65	69,939,620,000	69,939,620,000	3,275,620,000
FY2016/17	66,310,000,000	7,028,163	9,435.9	70,028,163,000	70,028,163,000	3,971,630,000
FY2017/18	68,530,000,000	7,255,726	9,444.95	70,255,726,000	70,255,726,000	1,725,726,000

Source: ISER's compilation from the Education and Sports Sector Annual Performance Review Reports FY2015/16 – 2017/18.

As a result of the inadequate budget allocation shown in the table above, the Ministry of Education and Sports has invented a formula in allocation of the capitation grant of; a minimum threshold (fixed grant) of UGX 150,000 monthly and a variable grant which is based on enrolment in schools. However, this formula is inappropriate and is perpetuating inequality in allocation of capitation grants. Even the Auditor General Value for Money Report of 2016 has queried the formula for its unfairness. The variable grant varies between districts and as a result districts with high enrolment are getting more funding compared to those with less enrolment despite the poor learning outcomes and high level of vulnerability and poverty in such districts. The districts of Amudat, Kabong, Zombo and Nakapiripirit are receiving less than UGX 6,000 as capitation grants per pupil annually which is far less the national unit cost of UGX 10,000 compared to Jinja Municipal Council and Mbarara District that are receiving UGX 11,058 and UGX 10,160 respectively, more than national unit cost.<sup>3</sup>

**b. Inadequate budget allocation for Universal Secondary Education (USE) capitation grants**

Since the commencement of USE in 2007, the capitation grants were set at UGX 41,000 and UGX 80,000 for O and A-level grant aided schools and UGX 47,000 and UGX 85,000 for O and A-level schools under the Public Private Partnership (PPP) scheme per student each term respectively. The Ministry of Education and Sports has since early 2018, commenced a phased approach to do away with PPPs in the education sector. The table below shows the budget allocations to USE capitation grants over the last three financial years 2015/16 – 2017/18;

**Table 3: Showing USE capitation grants expenditure for FY2015/16 – FY2017/18**

FY	Actual expenditure (UGX)	Number of students (O & A level)
FY2015/16	129,447,000,000	940, 336
FY2016/17	125,300,000,000	1,026,388
FY2017/18	129,510,000,000	1,028,740

Source: ISER's compilation from the Education and Sports Sector Annual Performance Review Reports FY2015/16 – 2017/18

The allocations to USE capitation grants as indicated in the table above indicates stagnation in budget allocation despite the increase in enrollments and increase in inflationary rates over the years since the setting of unit costs. Also, the USE capitation grants allocations are not as disaggregated as the one of UPE capitation grants. The Auditor General's Value for Money report indicates that schools are receiving less of set capitation grants. For instance, grant aided schools are receiving UGX 33,809

<sup>3</sup> Auditor General's Value for Money report of 2016

and UGX 65,404 for O and A – level respectively and their PPPs counterparts receive UGX 38,757 and UGX 69,491 for O and A – level respectively.<sup>4</sup>

The current UPE and USE capitation grant allocations do not reflect the true cost of education and there is need for Parliament to direct;

- i. The Ministry of Education and Sports to urgently drop the current formula of allocation of UPE capitation grants and provides the UGX 10,000 for each pupil annually..*
- ii. Ministry of Finance, Planning and Economic Development to increase the budget allocation for UPE and USE capitation grants.*
- iii. Ministry of Education and Sports undertake plans and research to set the minimum and maximum unit cost required to educate pupils and students in primary and secondary schools.*

#### **4.3. Limited budget allocation for primary and secondary schools construction and rehabilitation**

In FY2016/17, the consolidated development expenditure by local governments for construction of primary and secondary schools reduced from UGX 63.06bn in FY2015/16 to UGX 46.93bn in FY2016/17 as shown in the table below;

**Table 4: Actual budget release and expenditure on primary and secondary school construction FY2015/16 – 2017/18**

FY	Actual budget (UGX) released	Items on which the funds were expended
FY2015/16	63,060,000,000	Funds disbursed for the construction and rehabilitation of 54 Secondary Schools. Under Primary works that were completed and those ongoing were for the Completion and renovation of 177 Classrooms, New Construction for 610 classrooms, construction of 2,145 V.I.P Latrines, provision of 28 office furniture and 6,181 3-seater classroom desk and construction of 330 Teachers Houses.
FY2016/17	46,930,000,000	49 Secondary Schools constructed and rehabilitated  377 new classrooms; 1,431 V.I.P latrines, and 191 units of teachers' houses were constructed under the primary sub sector.
FY2017/18	49,320,000,000	Implementation of Phase 1 for 12 seed secondary schools completed  Under the Primary sub sector; 339 new classroom constructions, 90 classrooms for completion, 1,251 V.I.P latrines, 3,337 3-seater desks and 49 teachers' houses (units) at finishing and ongoing works by end of financial year.

*Source: ISER's compilation from the Education and Sports Sector Annual Performance Review Reports FY2015/16 – 2017/18*

<sup>4</sup> Ibid

According to the ESSP 2017 – 2020, the sector targets to construct 16,924 classrooms and 2,886 staff quarters in primary and secondary schools over the plan year period. As of March 2018, 428 sub counties<sup>5</sup>, town councils and divisions did not have public secondary school. The funding trends indicated in the table above are insufficient to enable the sector achieve its planned targets;

- i. The sector strategy of grant aiding community schools and construction of new schools in bid to provide schools to areas without is commendable. However, the allocation of funds for capital developments in primary and secondary schools should take into consideration the population growth rate and consequently the high enrollments in schools which is causing overcrowding and stretching the available inadequate facilities*

#### **4.4. Proper Accountability for the USE capitation grants funds under the PPP program**

Part of the of the Ministry of Education and Sports’ strategy of grant aiding private secondary schools to provide equitable access to secondary education is commendable. For instance in FY2016/17 and 2017/18, 120 community secondary schools were grant aided. In FY2019/20, the sector is planning to grant aid 100 secondary schools. The grant aiding of even the new ones is dependent on new budget allocations from the Ministry of Finance, Planning and Economic Development. This new funding is also commendable. However, at the beginning of 2018, the Ministry stopped the financing of students in Public Private Partnerships under the USE program with a plan to re-channel those funds to either construction or grant aiding of new secondary schools, but as earlier pointed out the new schools being granted aided is on account of new funding from the Ministry of Finance and not re-allocation with the Ministry of Education Sports budget;

- i. The Ministry of Education and Sports need to provide a full account of the amount of funds it was allocating to PPP schools under the USE program before the commencement of the implementation of the phase out and the expenditure for the funds it has saved so far and how these funds are being expended.*

---

<sup>5</sup> Ministry of Education and Sports response to issues raised by the Parliament Committee on Education on the sector budget FY2019/20