



# AFRICA HUMAN CAPITAL HEADS OF STATE SUMMIT

Africa Human Capital Technical Briefs Series

## Education Financing in Africa

July 2023

### KEY MESSAGES

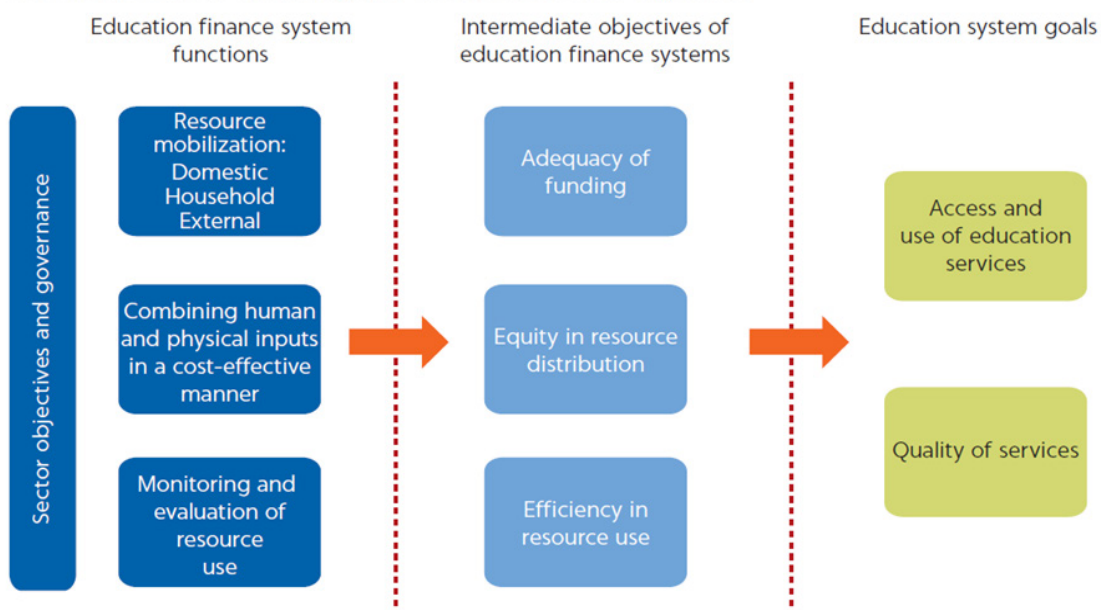
- Despite making notable strides in mobilizing additional resources, the funding for education still falls short of what is needed, and the current economic context poses a threat to further progress.
- Many countries in the region are universalizing access to basic education (pre-primary, primary and secondary) but greater attention is needed on ensuring that resources for this expansion are used equitably and effectively.
- Getting the best value for money from education investments will require rebalancing education budgets to ensure that critical inputs (e.g., teaching and learning materials, teacher professional development), are adequately funded.

### THE LINK BETWEEN FINANCING AND EDUCATION

Education financing is defined as the mechanisms and strategies used to secure and allocate resources for the education sector to ensure access, quality, and equity in education. Financing systems involve the identification, mobilization, and allocation of funds from different sources including governments, development assistance, household and private sector contributions. Education finance systems aim to allocate resources to different inputs and activities (e.g., infrastructure development, teacher training

and salaries, teaching and learning materials, and support for disadvantaged populations) to deliver inclusive and good quality education services. Effective education financing systems involve efficient resource management, transparent budgeting processes, good monitoring and evaluation capabilities and targeted interventions to optimize the impact of education investments.

#### The link between financing and education sector objectives



## WHY EARLY CHILDHOOD DEVELOPMENT MATTERS FOR AFRICA

Prioritizing education funding to enhance the skills of Africa's youth is a crucial investment in securing Africa's future prosperity. Providing sufficient funding for education and using it wisely will enable African countries to build strong inclusive and good quality education systems that can deliver many benefits including:

- **Faster and more inclusive economic growth and development.** By equipping individuals with knowledge, skills, and capabilities, education enhances their employability and entrepreneurial potential, fostering innovation, productivity, and economic diversification.
- **Reduced poverty and inequality.** Good quality education empowers individuals, particularly marginalized groups and women, by providing them with opportunities to break free from the cycle of poverty, access better livelihoods, and contribute to their communities' development.
- **Greater awareness and understanding of climate change.** Education equips individuals with the skills to mitigate and adapt to climate change. Strong education institutions can also drive research and innovation, supporting the development of climate-friendly technologies and strategies tailored for Africa.
- **Good governance, democracy, and social stability.** Education nurtures informed citizens who can critically analyze issues, engage in civic participation, and hold governments accountable.
- **Improved health outcomes** by disseminating vital information on healthcare practices, disease prevention, and reproductive health.

## POLICY RECOMMENDATIONS

- 1. Mobilize additional public resources for education.** African governments provide the bulk of funds for education. While the overall economic context has worsened in recent years, it is critical that government's explore strategies to improve domestic resource mobilization and ensure that education is prioritized within their budgets.
- 2. Strengthen allocation mechanisms to ensure that public spending on education is more equitable.** A government's investment in a child's education should not be determined by where a child lives or who their parents are. Strengthening education funding formula and resource deployment systems can help to ensure that public spending is allocated equitably and according to need.
- 3. Improve the effectiveness of education spending particularly in the context of expansion.** As countries continue to expand educational opportunity it will be necessary to make their education systems more efficient. This will require aligning available resources more closely with national education goals, identifying and addressing sources of spending inefficiency, strengthening public financial management systems, and gradually shifting away from input-based budgeting to a greater focus on results.

## How to Measure Success or Failure: Relevant Data

- **Adequacy:** Over the last ten years, overall education spending in Africa has doubled in real terms and has meant that per-child spending has increased despite high rates of population growth. Since 2009, education spending in the Eastern and Southern Africa region increased from *US\$16 to US\$31 billion*.
- **Inequality:**
  - Levels of spending are very low compared to other regions of the world. LICs spend about US\$1,100 per child to provide about 8 years of schooling (expected years of schooling) while HICs spend approximately US\$110,000 per child to provide 13 years of schooling. As a result, learning poverty in LICs is 90% compared to 9% in HICs.
  - There are huge spending inequalities between different parts of countries and among different groups of people. The investments made in education differ enormously between different regions within a country – on average the highest spending regions in a country spend about 4 times as much as the lowest spending regions. In some countries this is much higher – e.g., Madagascar and Sudan – 7 times difference. Differences in education spending are not related to need. Over one-half of developing countries with data spend significantly more on education in wealthier regions. Few spend significantly more on education in poorer regions.
- **Inefficiency:**
  - Countries vary greatly in how effectively public funding translates into better education outcomes. For example, Burundi and Togo spend a similar amount per school aged child but that spending provides one additional Learning Adjusted Year of Schooling in Togo compared to Burundi. These comparisons suggest (only suggest) that spending is more inefficient in Burundi than in Togo. Inefficiencies can also be viewed in another way. Cote d'Ivoire spends more than twice as much as Burkina Faso but its spending delivers a similar amount of learning for each child.
  - Between 20% and 40% of education funding is not used effectively. Causes of inefficiency include: poor distribution of teachers and other inputs; poor quality of inputs like textbooks; leakage of funds and internal efficiency issues like high rates of repetition and drop-out (what has been referred to as the early grade traffic jam in Africa).
  - Lack of funding for critical inputs to complement/support teachers.



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