



THE PUBLIC FINANCE CONFERENCE

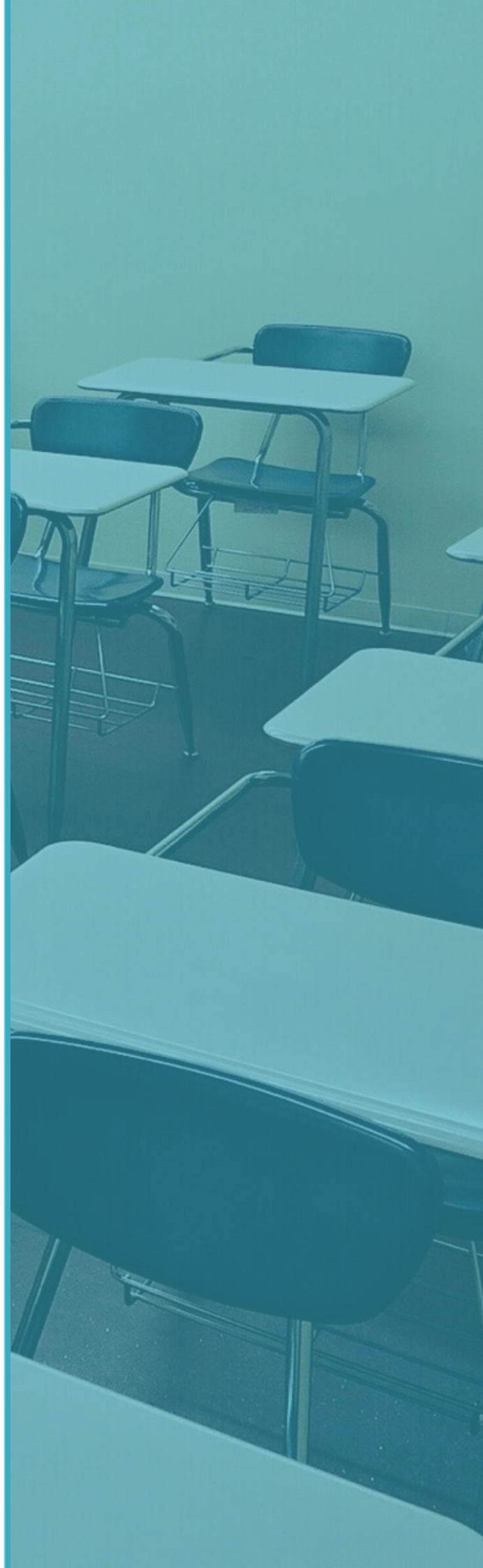
2024 | SETTING THE AGENDA

SESSION PAPER NO. 4

Budgeting for Basic Education

Devolution remains a key pillar of Kenya's development strategy, aimed at promoting equity and fairness across the country. While significant progress has been achieved in the first decade of devolution, several challenges continue to hinder the full realization of its objectives. This session will focus on the importance of intergovernmental relations, which are crucial for supporting and providing the support, funding and oversight to both national and county governments to ensure the effective functioning of devolution.

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Background

Kenya's National Bureau of Statistics (KNBS) had projected that in 2023 Kenya would have about 35 million children of school-going age (17.2 million male and 17.5 million female) while the 2024 Economic Survey by KNBS, indicates that 17.24 million learners (8.7 million male and 8.6 million female) were enrolled in basic education institutions (pre-primary, primary and secondary schools) by the end of 2023. The population projections against the enrollment in schools may need to be interrogated as it seems that many children may be out of school currently, going by the above facts. However, the Ministry of Education reports that as of the end of 2022 Gross Enrollment Rate (GER) was at 115% for Pre-primary Schools, 107.9% for Primary Schools and 85.5% for Secondary Schools from a national perspective with lower GER being reported for some counties.

Whereas there is good progress made in enrollment, retention and transition rates, including a good gender parity index among other indicators in the basic education sub-sector; It should be noted that investments in Basic Education should ideally contribute to an increase in the proportion of children and young people (a) in Grade 2 or 3; (b) at the end of primary education; and (c) at the end of lower secondary education achieving at least a minimum proficiency level especially reading and mathematics, categorized by sex, which is among the Sustainable Development Goals Four (SDG4) indicators that has focus to ensure inclusive and equitable quality education and opportunities lifelong learning for all. The Economic Survey Report 2024 indicates that the total number of schools rose by 4.9 per cent to 93,988 in 2023 from 89,615 in the 2022 school year. Similarly, enrolment for secondary school as primary school slightly drops. Also, the number of teachers in public primary schools declined by 0.8 per cent to 219,727 in 2023.

Overall, in Kenya, the Education sector remains one of the sectors that the government has continued to heavily invest in, which on average in the last six financial years between 2017/18 and 2022/23 25 per cent of the sectoral budget is allocated to the Education sector. Even though, the National Government Budget for basic education (Primary and Secondary education) increased from Kshs.88.22 billion in FY 2020/2021 to Kshs. 93.55 billion in FY2021/2022, to Kshs. 110.60 billion in FY2022/2023, and to Kshs. 155.36 billion in FY2023/2024 and then reduced to Kshs. 127.3 billion in FY2024/2025, there are gaps in demonstrating whether investments in Basic Education are indeed contributing to the desired learning outcomes. Notably, the allocation to the basic education sub-sector has not been necessarily the same as the amount of money issued and disbursed to the spending units (delivery units) based on annual output indicators and targets. In addition, access to disbursement and expenditure details across various delivery units at the National and County levels remains a persistent challenge. Beyond budget allocations, budget credibility indicates that there are challenges beyond budget such as changes during the implementation period.

Over 14 years since the enactment of Kenya's "new" Constitution that provides for the right to free and compulsory basic education, parents and caregivers are still compelled to pay money directly to schools in the form of school "fees". It is very important that the Constitution of Kenya, article 53 (1b) is read together with article 43(1f) and article 21 and further read together with the Basic Education Act, 2013, which clearly states that all children in Kenya of school going population should attend free and compulsory learning programmes in Basic Education Institutions (Pre-primary, Primary and Secondary Schools) without paying for any costs whatsoever. It is the fundamental duty of the state and its agencies to ensure that Basic Education is free in all its forms, including ensuring that basic education is available, accessible, acceptable, adaptable inclusive and of expected quality.

Whereas the budget allocation for basic education has been increasing over the years, it still falls short of the requirements to ensure that no parent or guardian pays for any costs in Preprimary, Primary and Secondary Schools. Parents continue to pay money to schools directly for the improvement of school infrastructure (classrooms, libraries, laboratories, dormitories, sports and

playing grounds), provision of school meals and paying for the salaries of additional required teachers (that are not paid for by the Teachers Service Commission) and the non-teaching and support staff. Parents and guardians who are unable to pay fees have to persistently follow up with various Bursary schemes to secure money to pay to schools and children whose fees are not paid on time have to remain at home during school days.

Objectives of the Session

Against the above background, by the end of the session, participants should have reflected on and interrogated.

- The adequacy of the basic education budget (pre-primary, primary and secondary education) against the essential needs that require public investments to achieve the desired learning outcomes in the context of the right to free and compulsory basic education.
- The trends and challenges of exchequer issues (amounts disbursed) on basic education budget to various spending units (delivery units) such as the teacher's service commission, education departments at the national and county levels, and also directly to the service delivery points, being preprimary, primary and secondary schools.
- The achievement of the desired outcomes in the basic education sub-sector based on budget allocations and expenditure, in the context of Programme Based Budgets, which requires that public budgets are properly linked to policy priorities in a manner that shows clarity on the outputs and outcomes to be achieved through public expenditure.

Key Themes to be Discussed

THEME ONE: Capitation for Pre-primary, Primary and Secondary Schools

In June 2023, The Presidential Working Party on Education Reform (PWPER) recommended that the Government of Kenya should implement the revised capitation given the realities of the Competency-Based Curriculum (CBC) as follows: Kshs 1,170 for Pre-Primary; Kshs. 2,238 for Primary level; Kshs. 15,043 for Junior School; Kshs. 22,527 for Senior School (Day); Kshs. 19,800 for SNE (Day) and Kshs. 38,280 for SNE (Boarding) and that should be reviewed every three years. The PWPER further recommended that the Government should implement a minimum essential package to cushion schools with enrolment below the optimum level of Kshs. 70,200 for Pre-Primary; Kshs. 537,120 for Primary level; Kshs. 2,030,805 for Junior School; Kshs. 3,041,145 for Senior School; and Kshs. 1,890,000 for Special Needs Education. The preparation of FY2024/2025 was a great opportunity for these recommendations on capitation to be considered, however, a review of the approved FY2024/2025 National Government Budget shows that these recommendations were not considered.

In addition, the PWPER noted that the high cost and rising demand for education have prevented many deserving students from accessing Secondary education and that the Government and private organisations have established bursary schemes to assist those in need. The PWPER also observed that the issuance of bursaries in Basic Education is fragmented as different entities are doing the same, resulting in inequities with many needy learners not receiving support. At the national level, the main legal bursary document is the Basic Education Scholarship and Bursaries Bill, of 2024. The Bill was established to provide a framework for a "coordinated approach in the provision of scholarships and bursaries in Basic Education." These frameworks include the establishment of a council that would coordinate the provision of these scholarships and bursaries, the establishment and administration of a Fund and the coordination framework on the scholarship and bursaries amongst others. The Ministry of Education also reports in its 2020 statistical booklet that 31% of spending on education was from households, with the household

expenditure consisting of fees and other indirect expenses borne by parents towards meeting the costs of education. Additionally, the preliminary analysis done by Bajeti Hub to review the national and county governments approved budgets for 2023/24 shows that there were bursaries, scholarships and other forms of education benefits across 15 Ministries, Departments and Agencies (MDA) and all 47 county governments, provides scholarships and bursaries in diverse ways. The budget lines found related to these benefits indicate an allocation of up to a total of Ksh 52.4 billion which rose to Ksh 62.8 billion after the final supplementary budget of the year.

During the session, the following questions will need to be answered.

1. From a rights-based perspective, what should be the cost elements that the National and County Governments should fully take care of for all children to enjoy their right to free and compulsory basic education as provided for in article 53 (1b) of the Constitution of Kenya?
2. How much money does Kenya require to ensure full implementation of article 53(1b) of the Constitution of Kenya alongside the full implementation of Kenya’s Basic Education Act 2013 and Kenya’s Early Childhood Education Act 2021?
3. What reasons account for why parents and guardians in Kenya still pay fees for their children’s access to basic education, despite the Constitutional guarantee of every child’s right to free and compulsory basic education?
4. What explains the current uncoordinated status of Bursaries and scholarships in Kenya?
5. Kenya’s Report of the Presidential Working Party on Education Reforms had some recommendations on financing Basic Education, what is the status of implementation of the recommendations therein?

THEME TWO: Basic Education Budget Disbursement and Expenditure Trends and Challenges

The Budget Implementation Review Reports as published by the Controller of Budget show that that every year, the approved budget for basic education is not necessarily what is issued (released) for disbursement to the various spending departments and levels. For instance, the State Department for Basic Education did not receive Kshs. 2 billion of its approved budgets in FY2022/2023 and Kshs 5.28 billion was not received in FY2023/2024. In addition, there are no details readily available to the public to show whether the disbursements and expenditures were for the specific output targets based on the approved annual budget across several delivery units. There have also been public concerns on delayed disbursements of basic education funding, especially to schools thereby affecting the capacity of schools to make purchases on time and be able to provide services to learners on time. Access to disbursement schedules has equally been a challenge coupled with the limited access to expenditure details. Beyond the Budget Implementation Review Reports as published by the Controller of Budget and Audit Reports as published by the Auditor General, there are no further details readily available and accessible to the public to demonstrate the extent of compliance to fiscal responsibility principles in the basic education sub-sector.

During the session, the following questions will need to be answered.

1. How is prioritization done for basic education? What criteria should the government use to prioritize spending under Education?
2. What explains the trend of allocation, disbursements and expenditure across various Basic Education Programmes and Sub-programmes at the National and County levels and the points of service delivery (Pre-primary schools, primary schools and secondary schools)?
3. Why are the public unable to easily access the basic education sub-sector annual work

plans, procurement plans, cash flow projections, disbursement schedules and expenditure details?

4. During budget implementation, sometimes there are budget shifts with Education programmes sometimes getting slashed. What should be done to improve budget performance in Education, especially, the little it gets on the development side of the budget?

THEME THREE: Achievements from Public Expenditure on Basic Education

With increased investments in Basic Education, there is a need to demonstrate whether the desired learning outcomes are being achieved in Pre-primary, Primary and Secondary Schools. For every shilling invested in programmes in Pre-primary, Primary and Secondary schools, it is important to demonstrate the evidence of return on investments. It is noted that Kenya's Fourth Medium Term Plan (2023- 2027) of Vision 2030 and the National Education Sector Strategic Plan (2023 – 2027) have left out critical indicators that if well monitored, tracked and reported on, would go a long way in demonstrating the return on investments in Basic Education programmes. It follows therefore that after a period of five years (between 2023 – 2027) for instance, there would be good information on the budget allocation and expenditure on basic education programmes but there may be a challenge in generating evidence of change (milestones) on return on investments by way of comparing the status as of 2023 with the status as of 2027.

During the session, the following questions will need to be answered.

1. What are the learning outcomes to be achieved in Pre-primary, Primary and Secondary Schools through budget allocations and expenditure?
2. What progress has been made towards the achievement of the learning outcomes in Pre-primary, Primary and Secondary Schools as aligned to the budget allocations and expenditure over the recent past?
3. What is the return on investments in Kenya's basic education sub-sector?

Expected Outcomes of the Session

1. Consensus on the status of implementation of the basic education financing recommendations in the report of the Presidential Working Party on Education Reform.
2. Budget proposals on basic education financing for consideration in the expected 2025 National Budget Policy Statement and the respective 2025 County Fiscal Strategy Papers.
3. Proposals for enhancing compliance to fiscal responsibility principles for consideration by various delivery units in the Basic Education Sub-Sector, at the national and county levels, including Preprimary, Primary and Secondary schools.
4. Consensus on the learning outcomes that should be tracked and reported on to demonstrate the return on investments in the basic education sub-sector as aligned to Sustainable Development Goals Indicators for basic education.
5. Proposals on practical, innovative and realistic actions for citizens consideration in tracking basic education expenditure and learning outcomes.

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