



unicef 
for every child

Lesotho | Fiscal Year 2018/19 Education Budget Brief



This budget brief is one of four briefs that explore the extent to which the national budget of the Kingdom of Lesotho addresses the needs of children under the age of 18. This brief analyses the size and composition of budget allocations for the fiscal year 2018/19, and offers insights into the efficiency, equity and adequacy of past expenditure at the national level. The main objectives of the brief are to:

- synthesize complex budget information so that it can be easily understood by all stakeholders
- highlight key messages which can inform policy and budgeting decision-making processes.

Key messages and recommendations

- Although the Government of the Kingdom of Lesotho is committed to achieving primary education for all, many children are not in school and completion rates continue to disappoint.** For example, of all children eligible for school: 63 per cent are deprived of pre-school education, 20 per cent are deprived of primary school education; and 66 per cent are deprived of secondary school education. And regarding completion, only 56 per cent of primary students and 64 per cent of those in secondary school complete the education cycle. To achieve the education outcome, accountability relationships between service providers and between service providers and service receivers (children and their caregivers) need to be strengthened.
- Global evidence clearly shows that investment in early childhood education leads to positive outcomes in the higher levels.** Yet enrolment in pre-primary school education continues to be very low. The government should prioritize investments in early learning with the goal of achieving 100 per cent enrolment by 2021.
- The government has allocated 13.5 per cent of the national budget to the education sector in the current fiscal year (2018/19).** While this is the largest sectoral share of the national budget, it is still below the international target of 20 per cent, which the government committed itself to reaching in the Education for All Declaration. To meet this target, the government should review its sectoral budget priorities – such as for defence – and also explore the potential of innovative financing mechanisms.
- Education outcomes are still sub-optimal, in spite of high levels of spending.** Even though government commitments fall 6.5 per cent below those outlined in its current education strategy, spending on education over the last ten years has been substantial. International donors have also made significant contributions. An ongoing public expenditure review for education being carried out by the World Bank on the relationship between spending efficiency and education outcomes could provide useful insights.
- Sixty-three per cent of the education budget is directed to wages for education in 2018/19.** The government should work to enhance the allocative efficiency of its budget. It should aim to ensure that the recurrent budget can support teacher training and teaching and learning materials to maximize the quality of education services. It should also ensure that the capital budget is sufficient to meet infrastructure demands, such as for classrooms, especially for early learning.
- Budget credibility in the education sector is erratic.** The overall education budget was over-released by 53 per cent in 2016/17 and 3 per cent in 2017/18. This signals strong concerns about the credibility of donor information-sharing which makes up a significant share of the development budget on an annual basis. Further diagnosis to better understand the underlying challenges (e.g. cumbersome procurement processes, weak human resources) is necessary so that the education sector can better prepare and deliver on its budget plans.
- Donor funding of education is declining rapidly: it decreased from 203 million maloti (M) in 2014/15 to M84 million in 2018/19.** High levels of fiduciary risk, weak budget credibility and political instability are the main factors driving official development assistance out of the country. The government needs to focus on achieving political stability and strengthening financial governance – particularly in the education system – to attract more resources.

1. Background

The Ministry of Education and Training governs the education sector in Lesotho. It is one of the largest ministries in the country and it is responsible for managing six levels of education.

The education sector is guided by the principles outlined in the Education Sector Plan 2016–2026. The Education Sector Plan was designed to address ongoing challenges across the education sector, which include:

- the low performance of science, technology, engineering and mathematics across all levels of education
- the high degrees of wastage in the school system
- the high staff wage bill, which accounts for 90 per cent of the ministry's budget.

The Education Sector Plan has prioritized four key areas:

- improved overall access to education
- improved quality and equity of education
- more relevant curricula and applicability of skills
- expansion and upgrading of technical and vocational education and training (TVET) institutions.

A large proportion of children are deprived of pre-primary, primary and secondary education. About 63 per cent of eligible children are deprived of pre-primary education; 20 per cent of eligible children are deprived of primary education; and 66 per cent of eligible children are deprived of secondary education. The gross enrolment rates at pre-primary schools is 37 per cent, 80 per cent at primary schools and 34 per cent at secondary schools. Of those who enrol in Grade 1, only 56 per cent complete Grade 5, and of those who enrol in secondary education, only 64 per cent complete secondary education (Table 1).



© UNICEF/Karin Scherbrucker

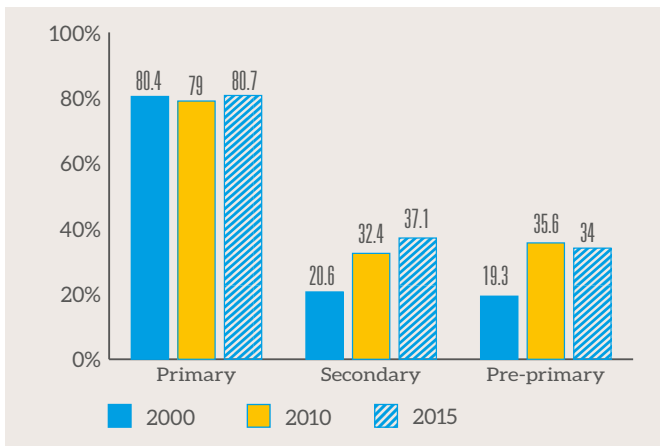
Table 1: Socioeconomic indicators

Total population	2,007,201	Poverty rate (%)	57.1
Population <18 years	765,614	Extreme poverty rate (%)	34
Children as percentage of population	38.1	Child poverty rate (%)	65
Demographic growth	0.68	Gross enrolment rate pre-primary (%)	37
Adult literacy rate (% aged 15 and above)	90	Gross enrolment rate primary (%)	80
Proportion of students starting Grade 1 who finish Grade 5 (%)	56	Gross enrolment rate secondary (%)	34
Primary to secondary transition rates (%)	86	University attendance (% of population)	10
Completion rates for secondary school (%)	64	Proportion of out-of-school primary students (%)	19

Sources: (1) Lesotho Housing and Population Census, 2016; (2) Lesotho Demographic Health Survey, 2014; (3) United Nations Educational, Scientific and Cultural Organization (UNESCO) Institute for Statistics, 2016; (4) Human Development Report, 2017; (5) World Bank, 2017; (6) Corruption Perception Index, 2016; (7) Q1 2014/15 Continuous Multipurpose Survey; (8) Lesotho Child Poverty Report, 2018; (9) UNESCO Institute for Statistics, 2018.

1. BACKGROUND

Figure 1: Net enrolment rates at pre-primary, primary and secondary levels: 2000 to 2015



Source: World Bank Development Indicators, 2017.

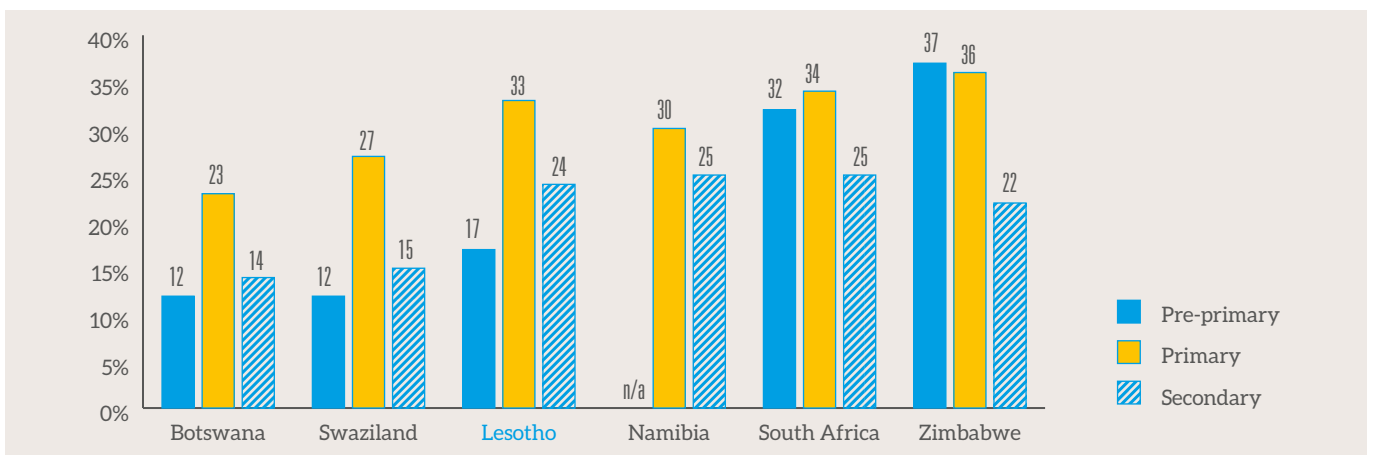
Levels of enrolment for pre-primary and secondary schools are low, but much higher for primary schools, which are universal and therefore free. Pre-primary and secondary schools can charge fees, and also there is a shortage in the development budget for building new schools, particularly in rural areas (owing to high outlays for teaching staff which has squeezed resources for new infrastructure). Between 2010 and 2015, the enrolment rate in primary education was constant at about 80.5 per cent. However, the enrolment rates in pre-primary education are very low, though increasing (from 19.3 to 34 per cent between 2000 and 2015). Secondary school numbers are also low, but increasing (from 20.6 per cent to 37.1 per cent over the same period) (Figure 1).

Compared to other countries in the region, teacher-pupil ratios are mixed (Figure 2): At the pre-primary level, the ratio is 1:17. At the primary level, Lesotho is one of the worst performers, with a 1:33 ratio; and at the secondary level the ratio is 1:24.



© UNICEF

Figure 2: Number of teachers per class, at pre-primary, primary and secondary levels: latest year available



Source: UNESCO Institute for Statistics, 2018.

Takeaways

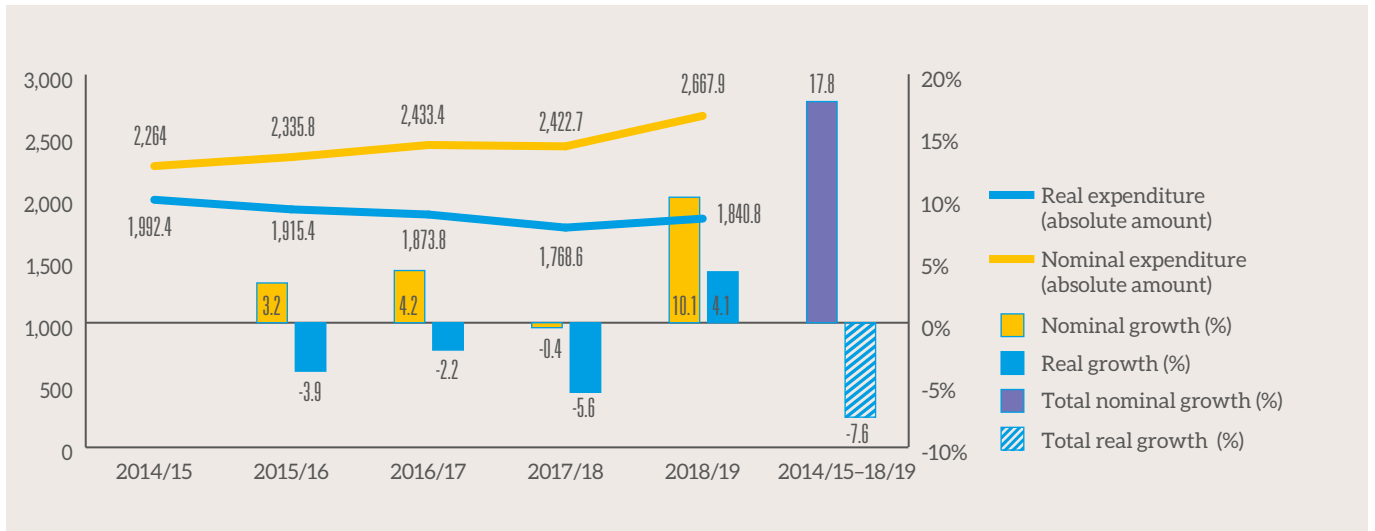
- Over the last 15 years, enrolment rates in primary education have remained almost the same. Enrolment rates have increased at the pre-primary level by 14.7 per cent and at the secondary level by 16.5 per cent respectively.
- A large proportion of children are deprived of pre-primary, primary and secondary education. Of all children eligible for school: 63 per cent are deprived of pre-school education, 20 per cent are deprived of primary school education; and 66 per cent are deprived of secondary school education.
- In terms of enrolment, for those who enrol in Grade 1, only 56 per cent complete Grade 5, and 64 per cent of those who enrol at secondary level complete secondary education.
- The main reasons for the high levels of deprivation in secondary education are non-payment of the very high school fees and the shortage of schools in remote areas.



2. Education spending trends

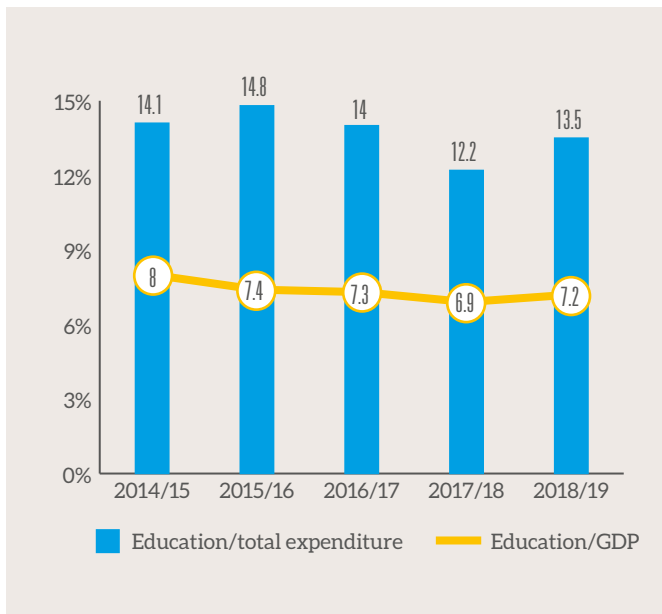
Expenditure in the education sector in 2018/19 is close to M2.6 billion, which represents a nominal increase of nearly 10.1 per cent compared to 2017/18. In real terms, however, the actual expenditure is only 4.1 per cent year on year (Figure 3). Between 2014/15 and 2018/19, nominal expenditure increased by around 17.8 per cent, but real expenditure declined by 7.6 per cent.

Figure 3: Trends in nominal and real expenditure in the education sector (absolute amount and percentage) and growth (as a percentage): 2014/15 to 2018/19



Sources: World Bank Boost Database, 2017; and Government of the Kingdom of Lesotho (GoL) National Budget 2018/19, 2018.

Figure 4: Expenditure in the education sector as a percentage of GDP and the national budget: 2014/15 to 2018/19, Lesotho

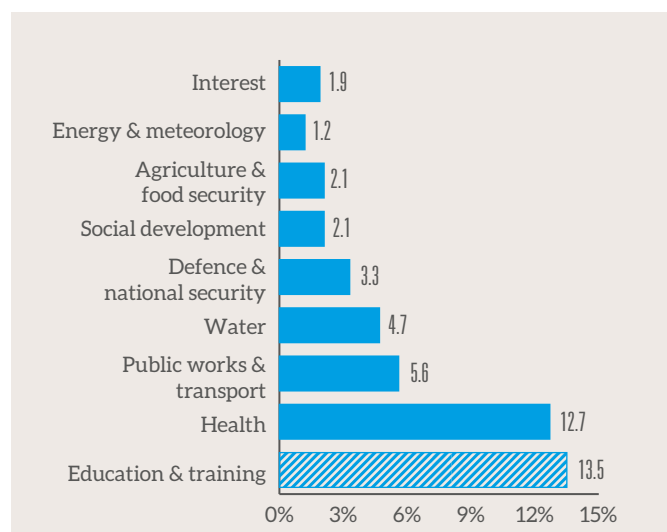


Sources: World Bank Boost Database, 2017; and GoL National Budget 2018/19, 2018.

Expenditure as a percentage of gross domestic product (GDP) has declined, but as a share of the total budget it has increased in real terms. As a share of GDP, education expenditure declined from 8 per cent in 2014/15 to 7.2 per cent in 2018/19. As a share of the total budget, expenditure has increased from 14.1 per cent in 2014/15 to 13.5 per cent in 2018/19 (Figure 4).

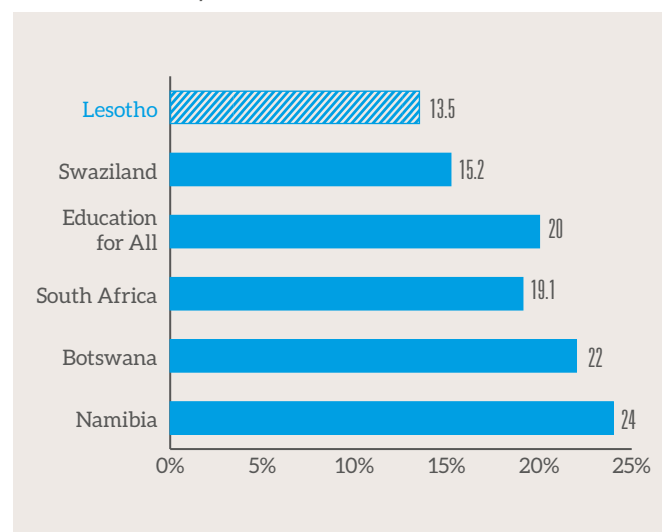
Compared with other key sectors in Lesotho, education remains the main priority sector. In the current fiscal year (2018/19), the education sector has been allocated 13.5 per cent of the national budget, followed by health (12.7 per cent) and public works (5.6 per cent) (Figure 5). However, the allocation falls short of the government’s commitment to meet the Education for All spending benchmark of 20 per cent of the national budget for education.

Figure 5: Key expenditure, as a percentage of total national expenditure: 2018/19



Source: GoL National Budget 2018/19, 2018.

Figure 6: Lesotho's expenditure on education, as a percentage of total expenditure, compared with selected countries: latest year available



Sources: World Bank Boost Database, 2017; GoL National Budget 2018/19, 2018, World Bank Development Indicators, 2017; UNESCO Institute for Statistics Database (extracted 2017).

Lesotho's spending on education is below that of its regional neighbours. Lesotho spends less than Swaziland (eSwatini), Botswana, Namibia and South Africa (Figure 6).¹ Only Botswana and Namibia spend more on education than the 20 per cent target of the World Declaration of Education for All: Botswana spends 22 per cent on education and Namibia spends 24 per cent.

Takeaways

- Although the rate of expenditure in the education sector has increased in nominal terms, it has increased only by 4.1 per cent in real terms. It is still 6.5 per cent below the Education for All benchmark.
- Despite education receiving the highest sectoral share of the national budget, Lesotho's financial commitment to the sector is below that of its neighbouring countries.



© UNICEF

¹ Using UNESCO's database of government expenditure, which uses education national accounts to allow for cross country analysis.

3. Composition of education spending

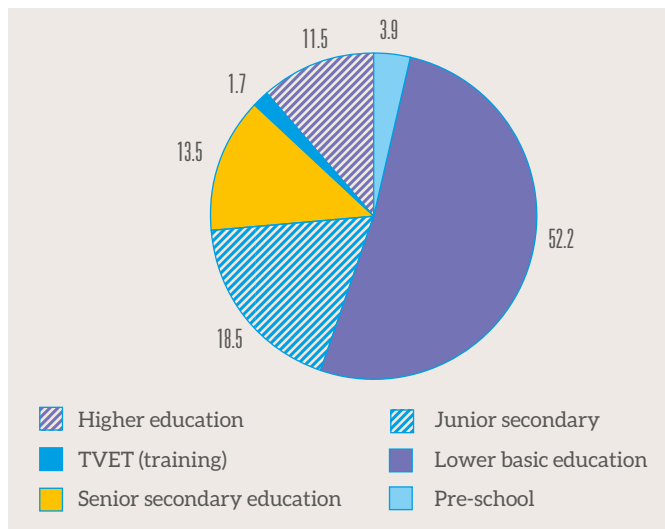


The bulk of Lesotho’s education expenditure goes to primary education. However, early childhood education receives a minimal share of the budget. In 2017/18, primary education received 56.4 per cent of the total budget; secondary education received 28.5 per cent; tertiary education received 5.4 per cent; technical and vocational education and training received 2.1 per cent; and early childhood development received 0.3 per cent (Figure 7).

The biggest share of Lesotho’s education expenditure goes to the recurrent budget. Between 2014/15 and 2018/19, the recurrent budget increased from 89.9 per cent to 91.8 per cent. In the same period, the capital budget declined from 10.1 per cent to 8.1 per cent (Figure 8).

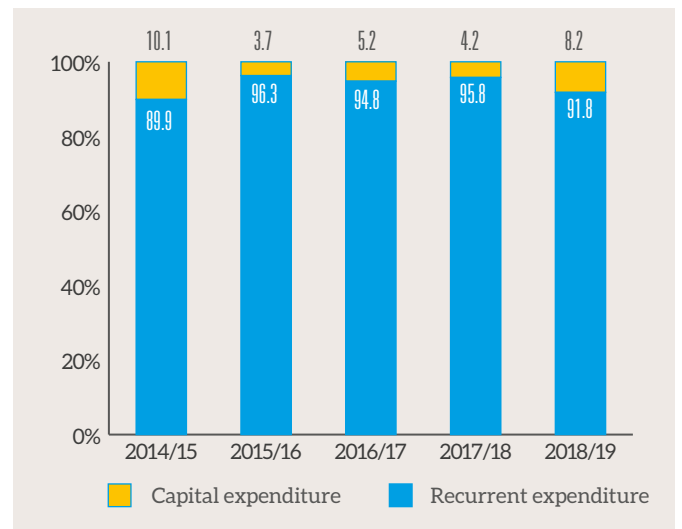
Most of the recurrent expenditure in the education sector goes to compensation of employees. This is followed by transfers, subsidies, other expenses and school feeding schemes. Expenditure on salaries increased from 54.1 per cent in 2014/15 to 63 per cent in 2018/19 (Figure 9). However, expenditure on transfers dropped from 14.3 per cent in 2014/15 to 11.6 per cent in 2018/19. Of further concern is that expenditure on school feeding schemes was cut from 7 per cent in 2014/15 to 5.5 per cent in 2018/19. As the overall sectoral allocation for education as a share of the total budget has not changed significantly this suggests that transfers and school feeding are being squeezed to accommodate increases in either the number of teachers or the salaries paid by teachers, or both.

Figure 7: Expenditure in different sub-sectors of education, as a percentage of total education expenditure: 2018/19



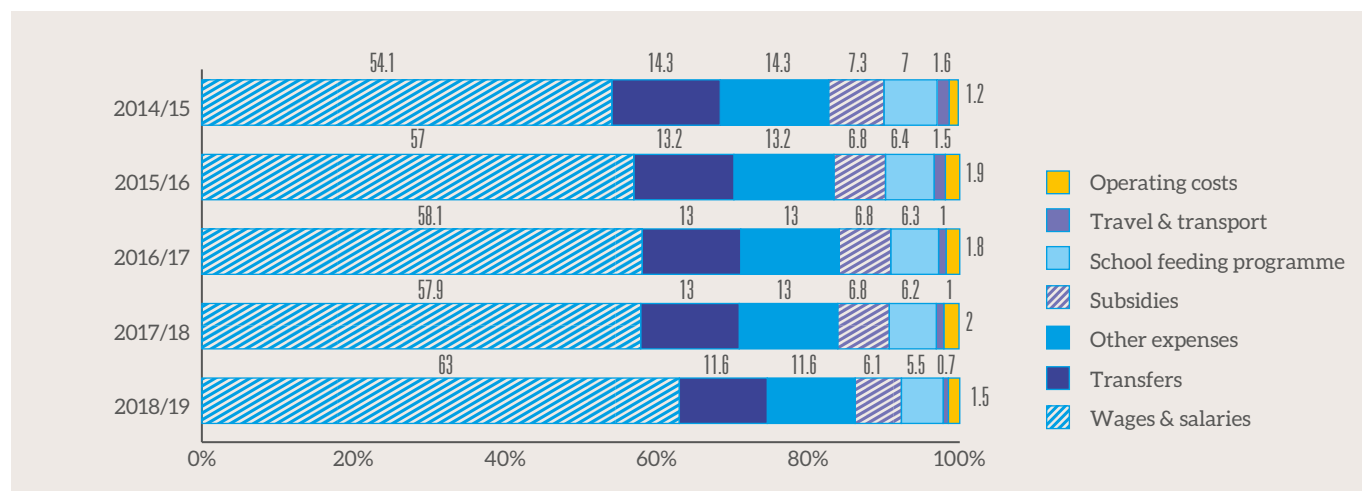
Sources: World Bank Boost Database, 2017; and GoL National Budget 2018/19, 2018.

Figure 8: Recurrent versus capital expenditure in education, as a percentage: 2014/15 to 2018/19



Sources: World Bank Boost Database, 2017; and GoL National Budget 2018/19, 2018.

Figure 9: Breakdown of recurrent expenditure by economic classification, by percentage of total education budget: 2014/15 to 2018/19



Sources: World Bank Boost Database, 2017; and GoL National Budget 2018/19, 2018; Budget speech 2018/19.

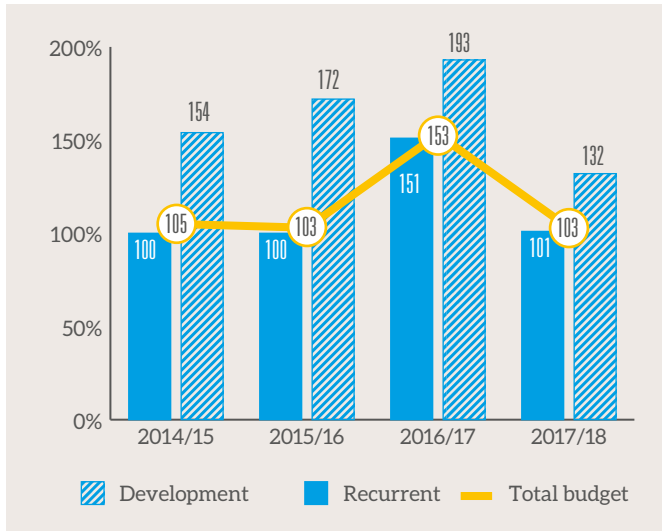
Takeaways

- About 92 per cent of the education budget in 2018/19 was allocated to recurrent items, primarily salaries. This reflects a spending imbalance between other recurrent expenditure items and capital expenditure. It also points to inefficiencies within the sector.
- Salary increases go against the key objective of the Education Sector Plan: to redress the imbalance between bloated levels of salaries and other forms of recurrent expenditure.
- Primary education receives the bulk of the education budget. On the other hand, early childhood development receives only 0.3 per cent of the total education budget. This is grossly inadequate, given the proven benefits from investing in very young children's cognitive and behavioural development in achieving good outcomes at the other education levels.



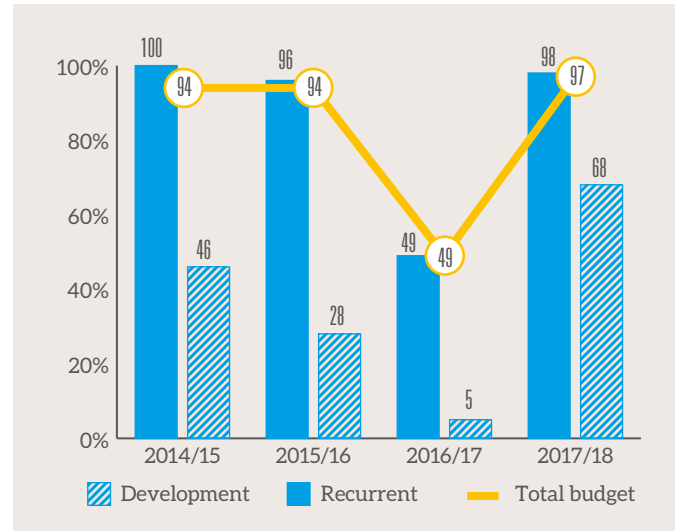
4. Budget credibility

Figure 10: Budget credibility in education, as a percentage of the released budget against the approved budget: 2014/15 to 2017/18



Source: Sources: World Bank Boost Database, 2017; and GoL National Budget 2018/19, 2018.

Figure 11: Budget execution against the approved budget, as a percentage: 2014/15 to 2017/18



Source: Sources: World Bank Boost Database, 2017; and GoL National Budget 2018/19, 2018.

Budget credibility² in the education sector is erratic. There is a significant difference between the rate of the overall approved budgets and the released budgets. For example, the overall education budget was over-released by 53 per cent in 2016/17 but only by 3 per cent in 2017/18. The difference between the approved and released budget for development expenditure varied significantly, with the variation ranging between 32 and 93 per cent (Figure 10). This signals strong concerns about the credibility of donor information sharing, which makes up a significant share of the development budget on an annual basis.

The overall budget execution rate improved between 2016/17 and 2017/18. The overall execution rates vary between 94 per cent in 2014/15 and 97 per cent in 2017/18. However, the execution rate in 2016/17 was exceptionally low, at 49 per cent (Figure 11). Of concern is the extremely limited execution of the development budget, which has ranged between 5 per cent and 68 per cent over the last five years (Figure 11). Issues such as cumbersome procurement procedures and capacity constraints in spending ministries need to be addressed urgently.

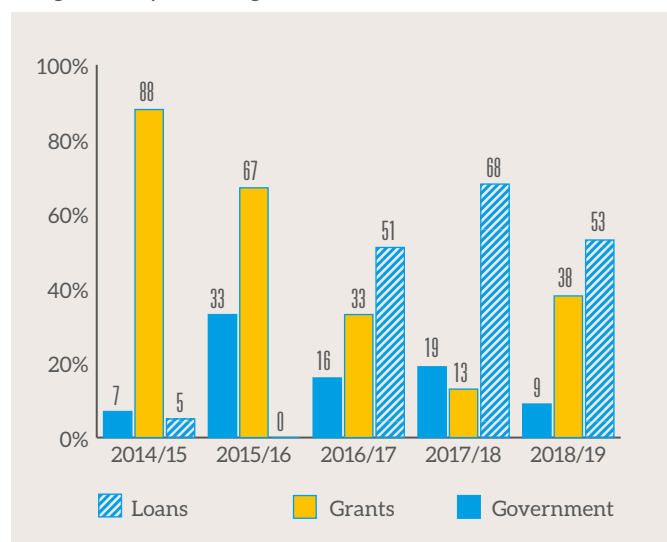
Takeaways

- Budget credibility in the education sector is erratic. The variation between the rate of overall approved budget and THE released budget raises questions about the credibility of the national budget. This needs to be addressed urgently to achieve the government’s declared development objectives.
- The overall budget execution rate improved in 2017/18, but the execution of the development budget is very weak. Issues such as cumbersome procurement procedures and capacity constraints in spending ministries must be addressed urgently.

2 Budget credibility is defined as the variance between the approved and released budget.

5. Sources of finance

Figure 12: Sources of financing the education development budget, as a percentage: 2014/15 to 2018/19, Lesotho



Sources: World Bank Boost Database, 2017; and GoL National Budget 2018/19, 2018; Budget speech 2018/19.

The recurrent education budget in Lesotho is fully financed by the government, while the development budget is partially financed from donors' support through loans and grants. The share of the government's contribution to the development budget has been erratic. For example, in 2014/15, the rate of contribution was 7 per cent; 33 per cent in 2015/16; 16 per cent in 2016/17; 19 per cent in 2017/18; and 9 per cent in 2018/19. Grants from donors for the development budget have been on the decline, constituting 88 per cent of the development budget in 2014/15 but only 38 per cent in 2018/19. Loans, on the other hand, have increased: from nearly zero in 2015/16 they increased to 68 per cent in 2017/18, and 53 per cent in 2018/19 (Figure 12). The drop in donor grants is probably a result of Lesotho's change in status to a lower middle income country (LMIC), fiduciary risk concerns and ongoing political instability.

Takeaways

- Grants for financing the education development budget steadily declined between 2014/15 and 2017/18, but again increased in 2018/19.
- Conversely, loans in the education development budget steadily increased between 2015/16 and 2017/18, but decreased in 2018/19.



Chief Budget Officer

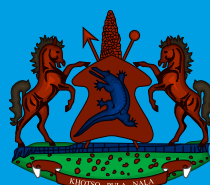
Budget Department
Ministry of Finance
Government of the Kingdom of Lesotho
Tel: +266 2232 5920
Email: lekomolas@hotmail.com

Social Policy Section

13 United Nations Road
United Nations House (2nd floor)
Private Bag A171
Maseru 100, Lesotho
Tel: +266 22 315801
Email: maseru@unicef.org UNICEF Lesotho

© **The Government of the Kingdom of Lesotho and the
United Nations Children's Fund (UNICEF), 2018**

Cover photograph: © UNICEF/Karin Schermbrucker



unicef 
for every child