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Supporting Sustainable Development through Research and Capacity Building

Education and Training Budget Brief

Preface

This education and training budget brief is among five (5) budget briefs which seek to identify the extent to which the needs of children are addressed by the national budget, especially in the social sector. This brief presents the size and composition of the 2013/14-2017/18 education and training budgets, and reviews the likely effects on service provision for children's needs. The brief is organized as follows: Introduction; Education and Training Spending Trends; Composition of Spending; Budget Credibility; Decentralization and Education and Training Spending; Equity in Education and Training Spending; and Financing Sources.

Key Messages and Recommendations

The analysis has demonstrated the following emerging policy issues:

(i) **Kenya has attained substantial improvements in access to education, but about one million children are still not in primary school.** Implementation of programmes to foster equity in education and reduce the number of out of school children need to be explored, including identification of most vulnerable children for targeted assistance, and school feeding and targeted scholarships. Further, the education sector will need to target counties with lowest number of schooling years.

(ii) **Education and training have remained a priority investment for the government.** The sector accounted for 5.2 per cent of GDP and 21.0 per cent of government outlays in 2017/18. There is need to ensure more focus on strengthening the link between education resource inputs, outputs and outcomes.

(iii) **The government needs to revisit the capitation grant system to ensure that resources are targeted to those students and regions that have fallen behind, and introduce capitation grants for pre-primary education.** There is also need for a comprehensive system of tracking not only education and training spending and progress, but also transition to workforce to ensure that education investments enhance learning outcomes and labour market prospects**.**

(iv) **The education budget almost exclusively supports recurrent spending, mainly wages (52%) and transfers for free primary and secondary education (40%).** Given the continuous growth of student numbers, the sector could work to increase the share of development expenditure dedicated to infrastructure beyond the current 7 per cent level.

(v) **The budgets allocated to technical and university education are underspent by up to a significant 30 per cent**. Greater attention is necessary to identify and remove spending bottlenecks in these areas, especially in the capital budgets.

(vi) **An integrated approach to social sector plans and budgets on service delivery is lacking.** This hinders comprehensive tracking, monitoring and analysis of government efforts focused on children. A multi-sectorial approach in planning, budgeting and monitoring is critical to encourage synergies across the social sectors.

(vii) **Mechanisms for collecting and processing data and information are being integrated in the education sector.** However, the data system needs to be strengthened to ensure data integrity, regular data collection and utilization for decision making. It is necessary to ensure availability, credibility and disaggregation of data to a level that would enable micro-analysis to inform policy, especially on issues related to children needs at sub-national levels. A centralized platform and working group with participation from counties is necessary in ensuring sustainability of the integrated data and information for education and training; and to support regular data collection and utilization for decision making.

(viii) **Households financing of direct education costs was estimated at 37 per cent during the review period.** There is need to explore strategies for reducing such financing burden, especially among vulnerable households, such as those in urban informal settlements. The strategies could include improved targeted financing of educational services, and institutionalizing of the National Education Accounts system to strengthen the integration of Information Communication Technology (ICT) in capturing education resources from various sources, their management, and programme implementation processes.

Introduction

Kenya's national education priorities include ensuring universal, inclusive, quality and relevant education and training that is accessible to all. Against the backdrop of the Sustainable Development Goals (SDGs), Kenya's key policies, plans and strategies that guide the education sector include aspects of the Kenya Vision 2030, its five-year rolling Medium-Term Plans (MTPs), national education sector plans, and the County Integrated Development Plans (CIDPs) (Table 1). SDG 4 focuses on quality education and Goal 5 on gender equality. Further, the Constitution of Kenya (2010) provides that all citizens have a right to access quality basic education (which includes pre-primary, primary and secondary education), while the national policy strives for 100 per cent transition to secondary education. The government is actively supporting the revitalization of technical and vocational education and training (TVET), and the expansion of university education, notably in the areas of science, technology and innovation.

The government is implementing curriculum reforms in education and training. A competence-based education and training curriculum will radically change the design and delivery of education and training to ensure it is aligned to the objectives and aspirations of the Kenya Vision 2030. The curriculum reforms focus on individual learner's potential, competencies and human resource development for industrialization and global competitiveness.

School age population and enrolment

The school age population constitutes about 46 per cent of Kenya's population. The number is set to expand by 20 per cent between 2018 and 2030, with the highest expansion expected in post primary education levels. From Figure 1, pre-primary (age 4-5 years), primary (age 6-13 years), secondary (age 14-17 years), and tertiary education (age 18-21 years) population is expected to increase by 14.5 per cent, 14.6 per cent, 20.6 percent and 28.8 per cent, respectively. The national and county governments must plan adequately for their target populations at respective levels of schooling for improved human capital development and future labour productivity.

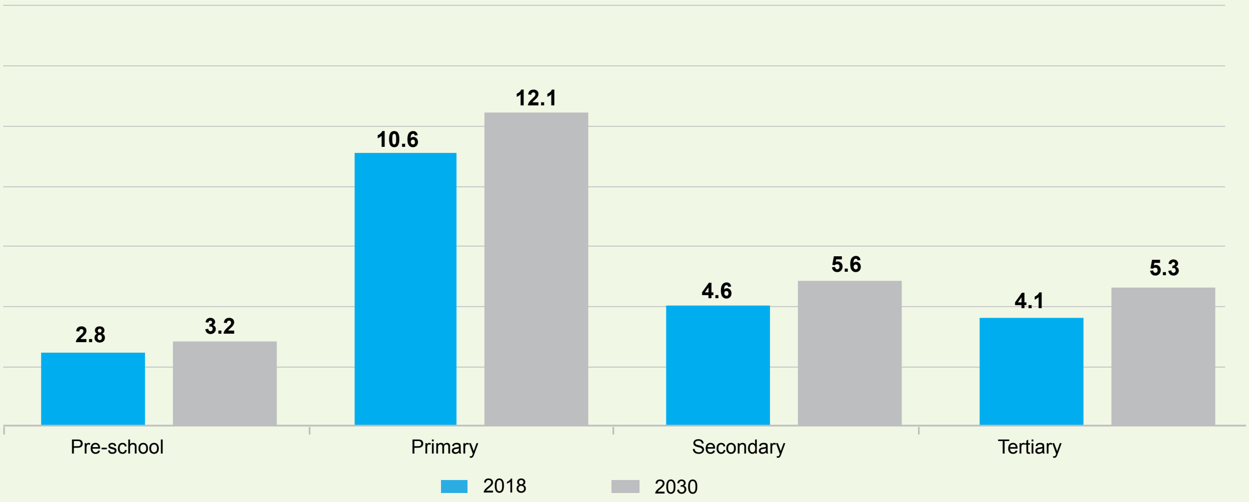
Table 1: Strategic framework for education and training sector

Period	2008-2030
National Long Term Development Plan	Kenya Vision 2030
Medium Term Plan (2018/19 - 2022/23	Medium Term Plan III
Early Childhood Development Policy and County CIDPS (2018/19 - 2022/23)	Early Childhood Development Policy and County Integrated Development Plans
National Education Sector Policy (2013)	National Education Sector Policy

Aggregate basic education enrolment increased by 7.8 per cent during the review period from 15.3 million in 2014 to 16.5 million in 2017. Pre-primary enrolment grew by 9 per cent from 3.0 million to 3.2 million (Table 2). This increase is attributable to the expansion of pre-primary education centres, integration of pre-primary education into basic education, devolution of preprimary education function to county governments, demand for pre-primary education before joining primary school, and the hiring of more pre-primary teachers by county governments.

Primary and secondary education enrolment expanded substantially during the review period. Implementation of Free Primary Education (FPE) and Free Day Secondary Education (FDSE) has resulted in their respective enrolments increasing by 5 per cent and 20 per cent, as the absolute numbers show in Table 2. Primary and secondary school education capitation grants were also enhanced from Ksh 1,020 and Ksh 10,265 respectively, to Ksh 1,420 and Ksh 22,244, in 2017, for all learners in public primary and secondary schools, respectively. The government is also committed to 100 per cent transition from

Figure 1: School age populations by level of education, 2018 and 2030 (in millions)



Source: KNBS Population Projections (2012)

primary to secondary school. Other initiatives which have led to increased enrolment include enhanced investments in school infrastructure and recruitment of additional teachers.

Efforts towards achieving greater equity in the education sector have led to near gender parity at pre-primary, primary and secondary school levels. The respective Gender Parity Index (GPI) scores were 0.96, 0.97 and 0.95 for the pre-primary, primary and secondary education

Table 2: Enrolment in pre-primary, primary, secondary, TVET and university education (2014-2017)

Pre-primary	**2014**	**2015**	**2016**	**2017**
Total enrollments '000	3,020	3,168	3,200	3,294
Gender parity index	1.1	0.97	0.96	0.96
Total no. of teachers	104,784	107,187	110,819	118,276
Pupil-teacher ratio	28.8	29.6	28.9	27.8
Primary				
Total enrollments '000	9,951	10,091	10,280	10,404
Gender parity index	0.97	0.97	0.97	0.97
Private enrollment (%)	7.8	6.8	8.4	8.0
Total no. of teachers	200,758	210,868	214,990	217,532
Pupils-teacher ratio (public)	45.7	44.6	43.8	44.0
Primary completion rate (%)	79.3	82.7	83.5	83.6
Primary secondary transition rate (%)	76.1	81.9	81.3	81.8
Secondary				
Total enrollments '000	2,332	2,558	2,721	2,831
Gender parity index	0.92	0.90	0.95	0.95
Private enrollment (%)	6.7	6.7	6.7	6.7
Number of pupils per teacher (Public)	27.6	27.9	28.5	29.0
Technical enrolment	147,821	153,314	202,556	275,139
University enrolment	443,782	510,685	523,706	520,863
Proportion of enrolment in private universities (%)	18.1	15.3	16.3	15.5

Source: Kenya National Bureau of Statistics (2018), Economic Survey levels in 2017. Gender parity (GPI score of 1) is attained when enrolment of female students as a proportion of total female population equals enrolment of male students as a proportion of total male population. Significant interventions have included targeted school meals programmes, elimination of fees charges, emphasis on enforcement of fees guidelines, expansion of education opportunities in arid and semi-arid lands and other hardship areas, expansion of low-cost boarding public schools in arid areas, provision of enhanced special needs education grants, provision of sanitary towels to teenage female learners in public primary and secondary schools; targeted secondary school bursaries, community mobilization and stakeholder support for basic education; and the school re-entry policy for girls after delivery.

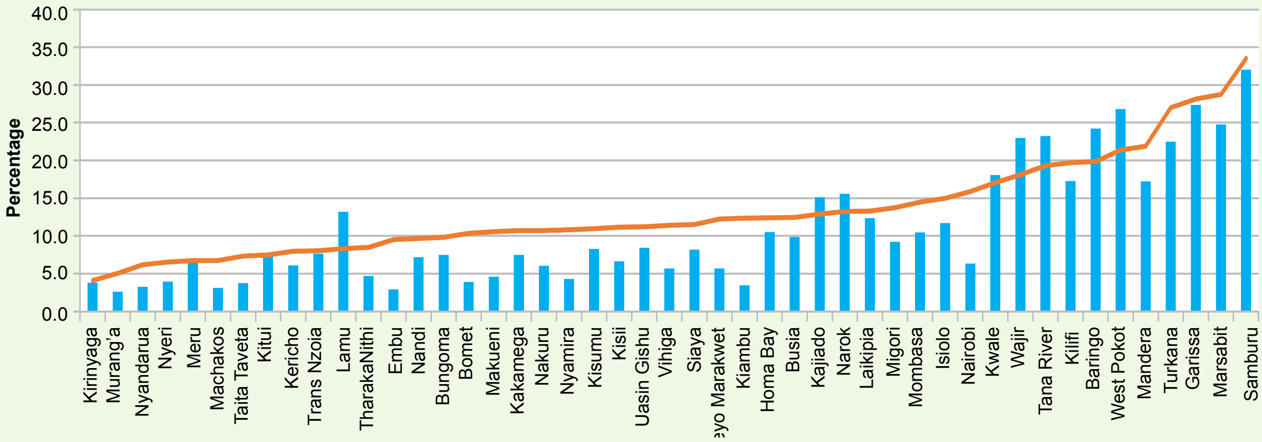
Kenya is on track to improve internal efficiency in basic education. Between 2014 and 2017, both the completion rate of primary schooling and the transition rate to secondary schooling improved (Table 2). The proportion of pupils who completed primary schooling increased by 5.4 per cent and that of children transiting from primary to secondary school education expanded by 7.5 per cent. However, estimates from the 2014 Kenya Demographic and Health Survey (KDHS) show that close to one million children aged 6-13 years were out of school.

The pastoralists in arid and semi-arid areas lands (ASALs) had the highest levels of out-of-school children (Figure 2). For example, in 2012, the West Pokot, Garissa and Samburu counties had the highest shares of out-of-school children, a situation that has persisted. This can be attributed to the pastoral livelihood of the communities, and the attendant limited education infrastructure in the regions. Other explanations for the low enrolments include: retrogressive cultural practices; other school-related expenses, such as uniforms; low education and literacy of parents; early marriages (especially for girls); and long distances to schools. Enforcement of the non-repetition policy, and the policy on girl students' re-admission after giving birth, the waiver of examination fees, and the 100 per cent transition policy from primary to secondary education, are some of the initiatives designed to address the internal inefficiencies.

The country is set to benefit from expansion and revitalization of technical training and skills development sector. TVET enrolment increased by 74 per cent during the review period. Technical training expansion is likely to be sustained with the increase in number of new Technical Vocational Colleges (TVCs), their equipping, recruitment of trainers to close the human resource gap, and continued rebranding of TVET. The government also increased budget allocation to the sector during the review period to facilitate recruitment of additional trainers, and implementation of Curriculum Based Education and Training (CBET). Capitation grants for TVET trainees was set at Ksh 30,000 for technical training institutes and 15,000 for learners in youth polytechnics. Further, the government's policy to enhance the provision of middle level skills development has directed more secondary school graduates to TVET. Operationalization of the Technical Vocational Education and Training Authority (TVETA), Curriculum Development Assessment Centre (CDACC), and Kenya National Qualifications Authority (KNQA), have also positively impacted on TVET expansion. It would, however, be important to continue strengthening linkages between TVET and industry for relevance of skills required for the attainment of the Kenya Vision 2030 and the "Big Four" agenda.

University education enrolment increased by 17 per cent between 2014 and 2017. This positive change can be attributed to the increase in the number of both public and private

Figure 2: Proportion of children out of school across counties in 2012 and 2014 (%)



Source: Ministry of Education (2018)

universities. Other factors include: placing of government-sponsored students to private universities, implementation of Differentiated Unit Cost, and continued award of university loans through the Higher Education Loans Board (HELB).

Pupil-Teacher Ratio

The pupil-teacher ratios (PTR) in pre-primary and secondary schools were below the national norm of 1:35, while the primary level PTR was above the national norm of 1:40. The pre-primary, primary and secondary school level PTRs were 28:1, 44:1 and 29:1, respectively in 2017. The PTR level in Kenya was higher than for other developing countries in the Eastern and Southern Africa Region, including Botswana, Comoros, Lesotho and Namibia who have smaller pupil-teacher ratios, as low as 10 per cent or below (Figure 3).

It is, however, important to address the inequalities in the distribution of teachers across schools and counties to support the optimal utilization of existing human resources. Among the factors limiting Kenya's equal distribution of teachers – especially at the primary school level, include: insecurity in some counties, such as those of northern Kenya, causing an outflow of teachers; teachers' preferred postings to urban and high potential areas; and unwillingness of teachers to be separated from their families due to social factors. In general, counties in arid and semi-arid areas have comparatively fewer teachers for the equivalent school sizes in high potential areas.

Education completion and transition rates

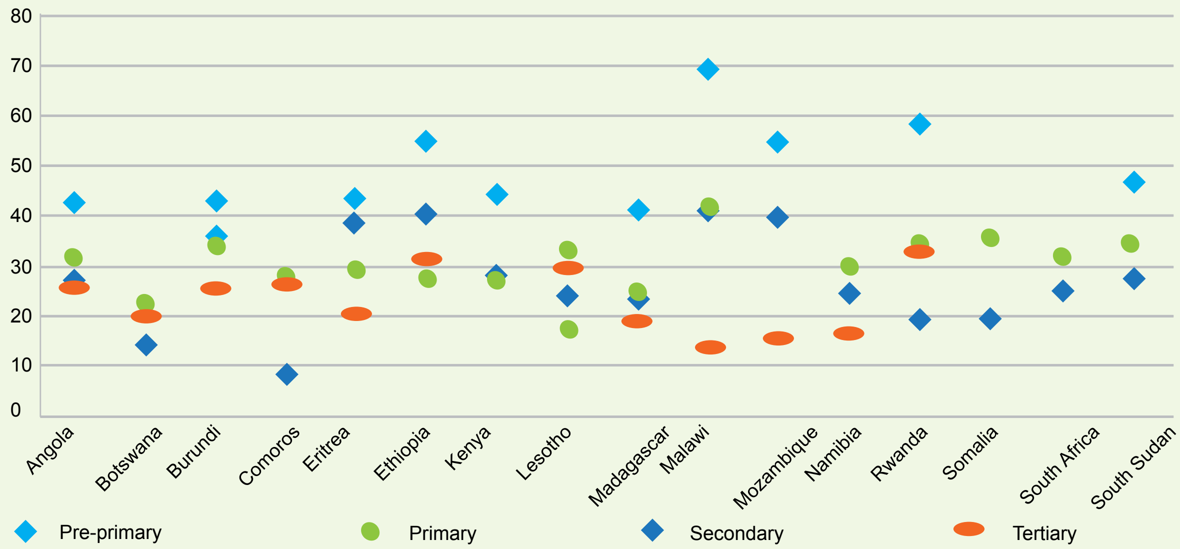
Among the selected comparator countries, Botswana joins Kenya with the highest levels of primary and secondary completion rates. However, Botswana females have higher primary completion rate than males, in contrast to Kenya's near parity (Figure 4). Moreover, Kenya's primary to secondary transition rate rose from 76.1 per cent to 81.6 per cent, boosting secondary enrolment by 19 per cent to 2017 (from 2.3 to 2.8 million students).

Education Spending Trends

Government spending on education doubled between 2013/14 and 2017/18. Education sector expenditure expanded by 65.7 per cent from Ksh 251.2 billion in 2013 to Ksh 416 billion in 2017, as shown in Figure 5. Real education expenditure grew from Ksh 236 billion in 2013/14 to Ksh 361 billion in 2017/18.

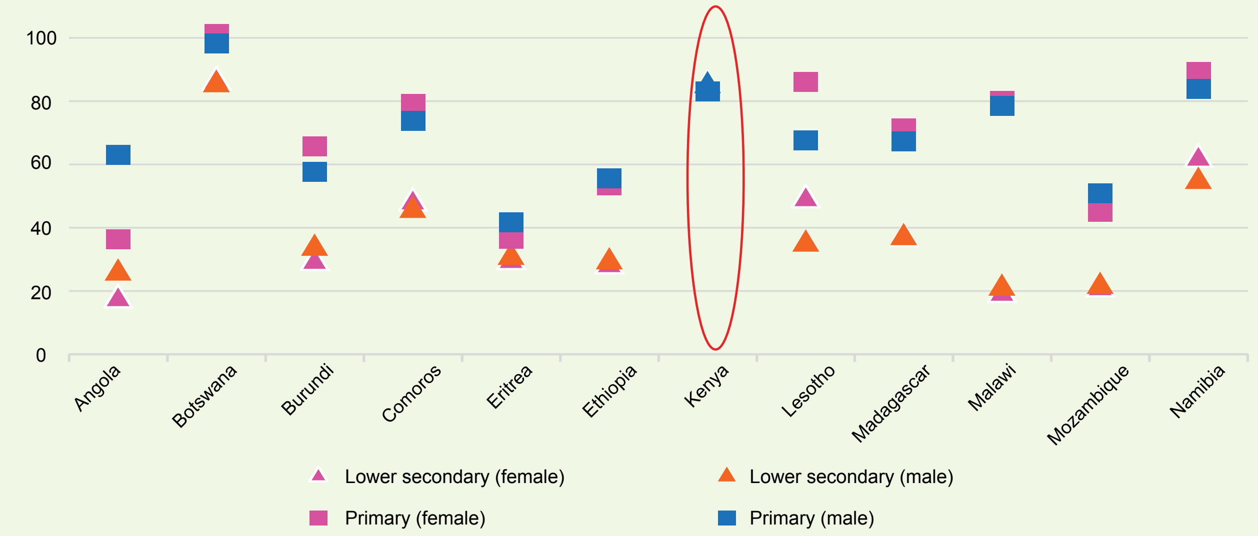
Between 2013/14 and 2017/18, education spending as a percentage of total government outlays averaged 17 per cent, which was below the Incheon Declaration target of 20 per

Figure 3: Pupil-teacher ratio by level of education in select countries, 2013-2017



Source: United Nations Educational, Scientific, and Cultural Organization (UNESCO) Institute for Statistics and Kenya Ministry of Education (2018)

Figure 4: Primary and secondary completion rates by gender in select countries, 2017



Source: United Nations Educational, Scientific, and Cultural Organization (UNESCO) Institute for Statistics and Kenya Ministry of Education (2018)

cent. Kenya's public education spending as a percentage of GDP oscillated marginally between 5.3 per cent in 2013/14 and 5.2 per cent in 2017/18, and between 18 per cent and 21 per cent as a percentage of total government outlays (Figure 6). That spending only surpassed the *Incheon* Declaration target in 2017/18, which implies education financing was sustainable during the review period. Education spending level of below the Incheon target of 20 per cent in some years was because of the country's overall increased level of infrastructural expansion, especially spending on roads and expansion of energy sector, and county governments spending.

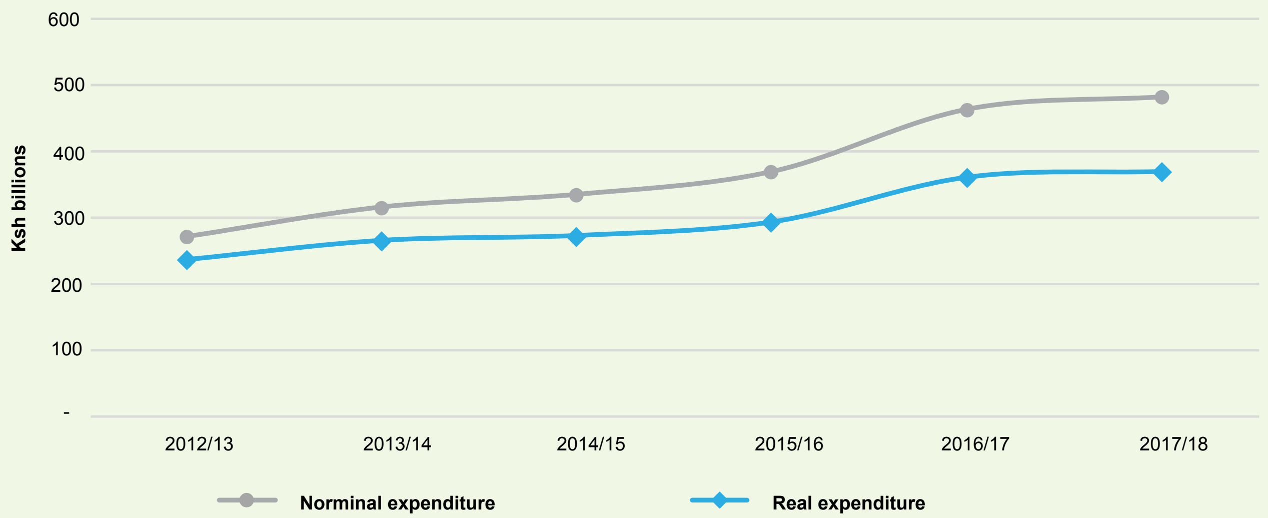
Kenya's 2016/17 budgetary resources for the education sector are comparable to other countries in the region, maintaining a 21 per cent share of the budget. Kenya's budget estimated at 22 per cent was slightly above the sub-Saharan African target of 20 per cent, but lags other countries, such as South Africa, Swaziland and Namibia) (Figure 7). Kenya spends approximately US$ 141 per pupil, which is much higher than neighbouring countries, for example Ethiopia, Madagascar and Burundi.

Composition of Education Spending

Institutional classification of education spending

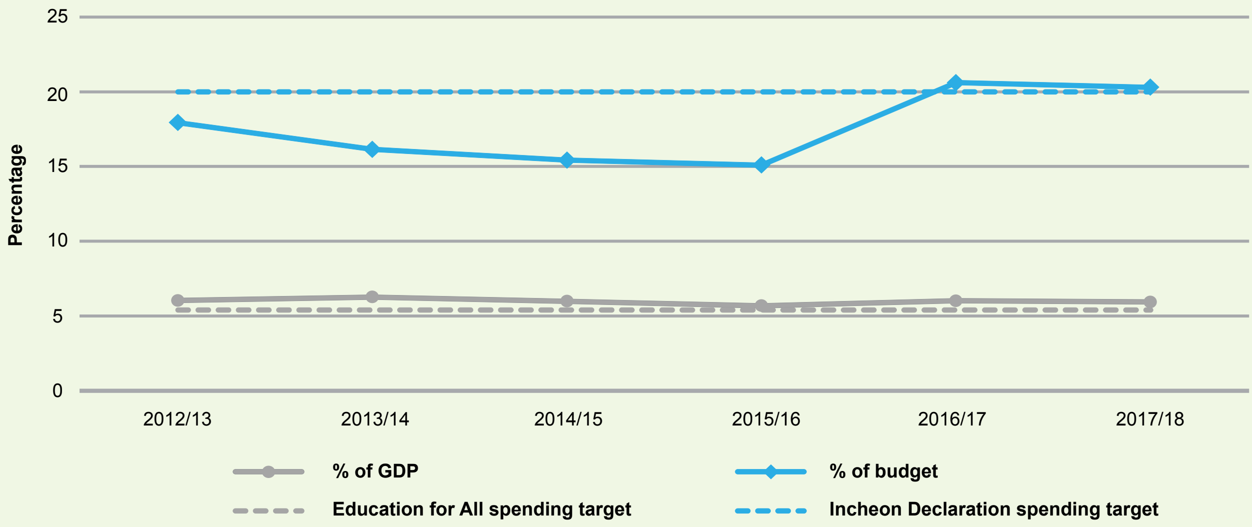
The Teachers' Service Commission (TSC) dominates aggregate sector spending, although with a diminishing share. This share fell from 58.6 per cent to 51.3 per cent between 2013/14 and 2017/18. The next largest sub-sectors were basic education and university education, which

Figure 5: Nominal and real education sector spending, 2013/14-2017/18 (Ksh billions base year is 2010)



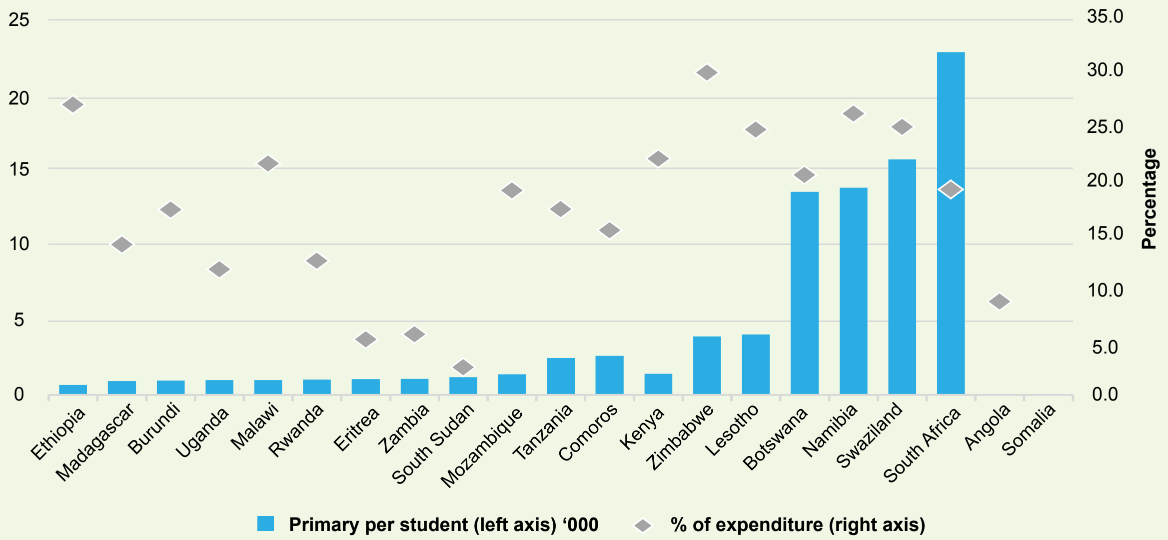
Source: Ministry of Education (2018)

Figure 6: Education sector spending and international targets, 2013/14-2017/18



Source: Ministry of Education (2018)

Figure 7: Selected countries' education spending over total spending (%), 2016/17



Source: United Nations Educational, Scientific, and Cultural Organization (UNESCO) Institute for Statistics and Kenya Ministry of Education (2018)

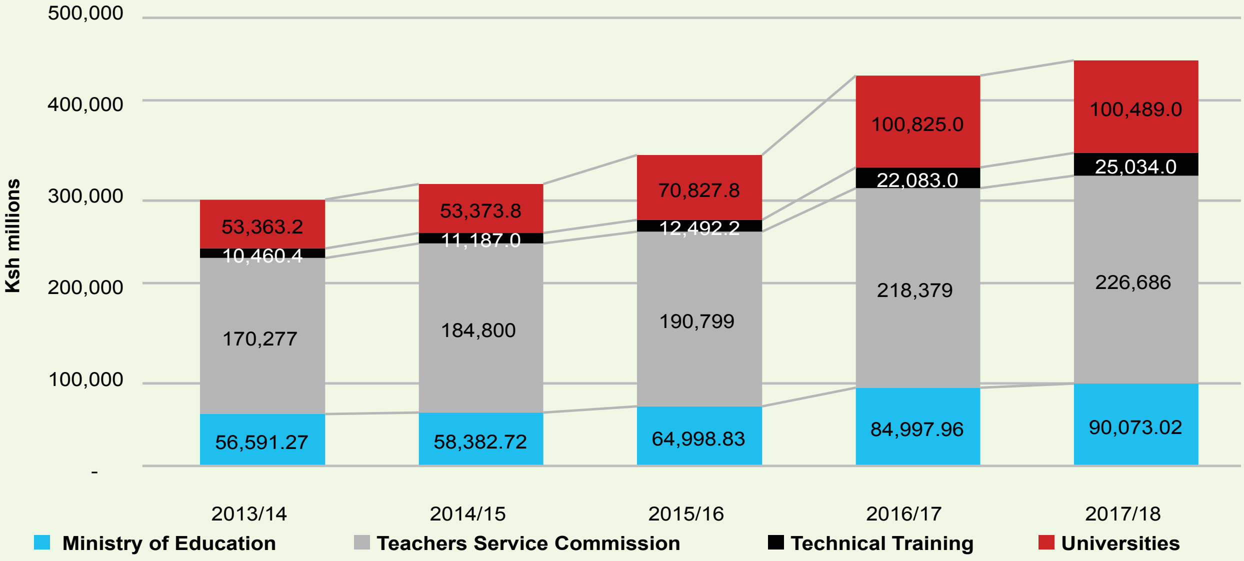
Note: *Latest available spending is per student Purchasing Power Parity (PPP)*

accounted for 22.7 per cent and 20.4 per cent, respectively, during 2017/18 (Figure 8a and 8b). TSC spending constitutes teachers' emoluments for public primary, secondary, special needs and public middle level training colleges. Basic education spending covers capitation grants for primary and secondary schools; quality assurance and other administrative costs,

Under the education functional classification budget, general administration and primary education shares averaged 23.4 per cent and 20.0 per cent, respectively, during the review period (Figure 9a). University education share was consistently high, averaging 38 per cent over the review period. However, secondary education's share reflected a sharp increase in 2018, attributable to the Free Day Secondary Education's (FDSE) increased spending on infrastructure expansion. The increase in technical and university education spending reflects the growing need for tertiary education spending following implementation of FPE since 2003 and free secondary education since 2008. Further, as the country experiences population growth, there is increased demand for skills development.

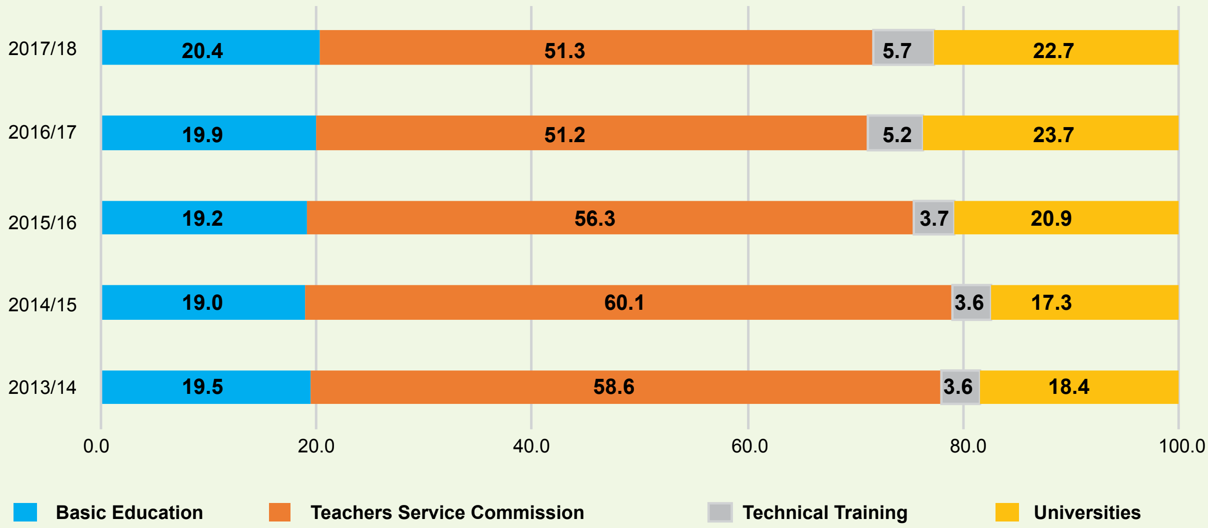
Primary education was the biggest recipient of government funding. Although its share declined from 47.3 per cent to 36.9 per cent between 2013/14 and 2017/18, it remains the main funding priority, followed by secondary and university education with respective shares of 30.9 per cent and 22.7 per cent in 2017/18. Pre-primary allocation increased from a 0.7 per cent share

Figure 8a: Education sector spending by institution, 2013/14-2017/18 (Ksh million)



Source: Ministry of Education (2018)

Figure 8b: Education sector spending by institution, 2013/14-2017/18 (% of sector budget)



Source: Ministry of Education (2018)

in 2013/14 to 1.1 per cent share. Pre-primary education is a constitutionally devolved function, meaning that it has also benefitted from growing county government resources since 2013/14.

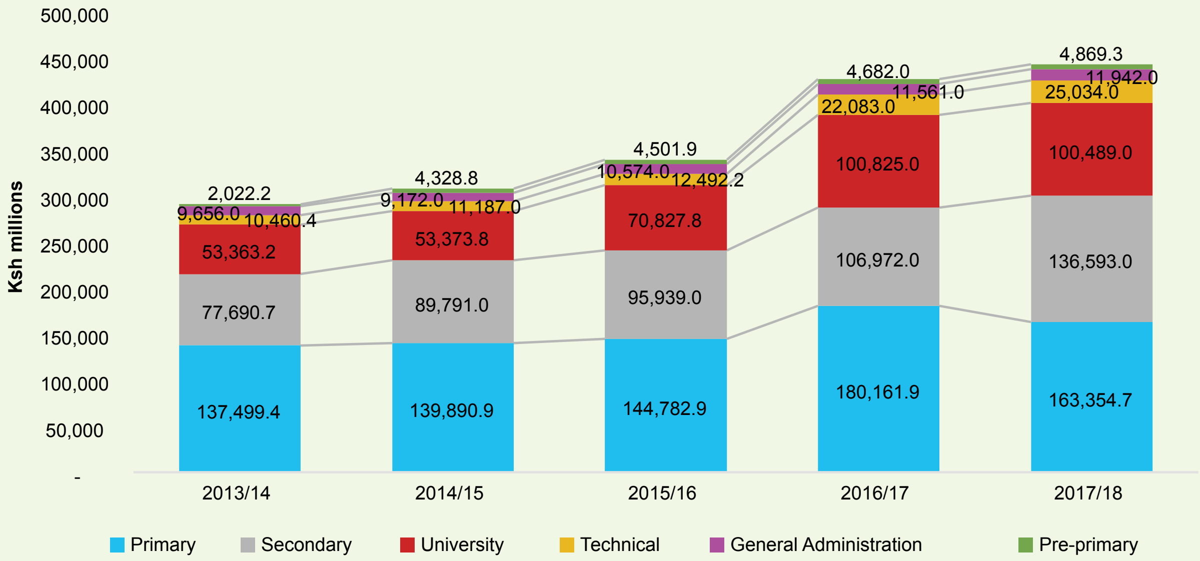
Spending on secondary, technical and university education increased significantly during the review period. This is because of the FDSE programme which aims to increase access to secondary education and transition from primary to secondary and allocation for teacher salaries. Spending on technical education also increased owing to reforms aimed at revitalizing technical training while addressing gaps in the supply and demand of skills in the labour market.

Regarding child sensitive programmes, secondary education took the largest share of spending by programme (Figure 10a and 10b). This is expected given the annual capitation of Ksh 22,400 per student in public secondary schools and the cost of secondary school teachers who are paid relatively higher wages compared to primary school teachers.

Economic classification of education spending

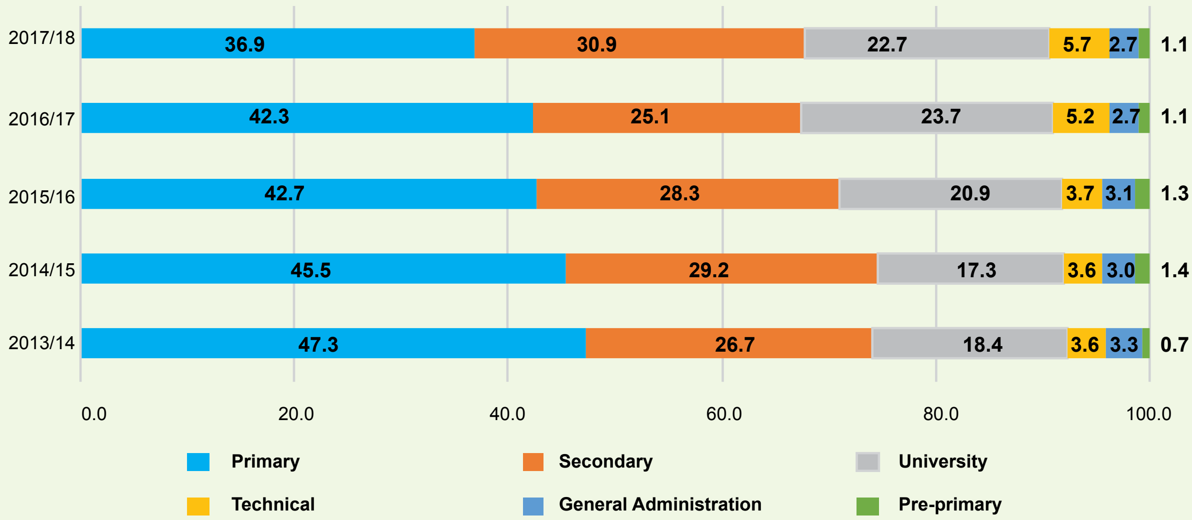
Under-funding of the development budget has undermined growth in school infrastructure. The aggregate recurrent expenditure during the period 2013/14 and 2017/18 was Ksh 1.5 trillion, while development expenditure was Ksh 625 billion. Recurrent expenditure covers personnel emoluments, capitation grants for FPE and FDSE. Overall,

Figure 9a: Education sector spending by levels (or services), 2013/14-2017/18 (Ksh million)



Source: Ministry of Education (2018)

Figure 9b: Education sector spending by levels (or services), 2013/14-2017/18 (%)



Source: Ministry of Education (2018)

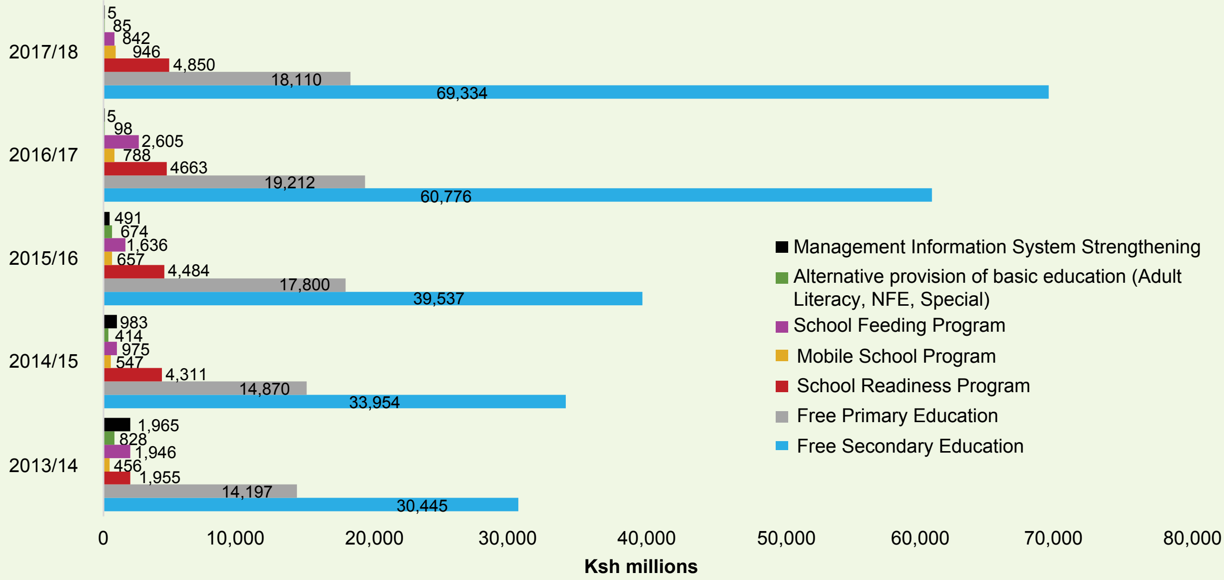
about 92.6 per cent of the education budget is spent on recurrent costs, leaving less than 7.4 per cent for development spending.

Budget Credibility

During the review period, the education sector was characterized by large deviations between approved budgets and actual spending which reflect on budget credibility. On average, education expenditure credibility or outturn, captured through education spending as a percentage of aggregate sector allocations, was low except for TSC (Figure 12). Technical education experienced the lowest level of budget credibility due to the reorganization of structures resulting from the devolution of youth polytechnic functions to county governments, and low disbursements of development budgets. The low spending performance of the university level can be attributed to delays in releases from the National Treasury. The TSC's high budget out-turn can be attributed to the spending resources on teacher's salaries. Overall, the low budget outturn undermines the credibility of the planning and budgeting process, including linkages with resource mobilization and sector performance.

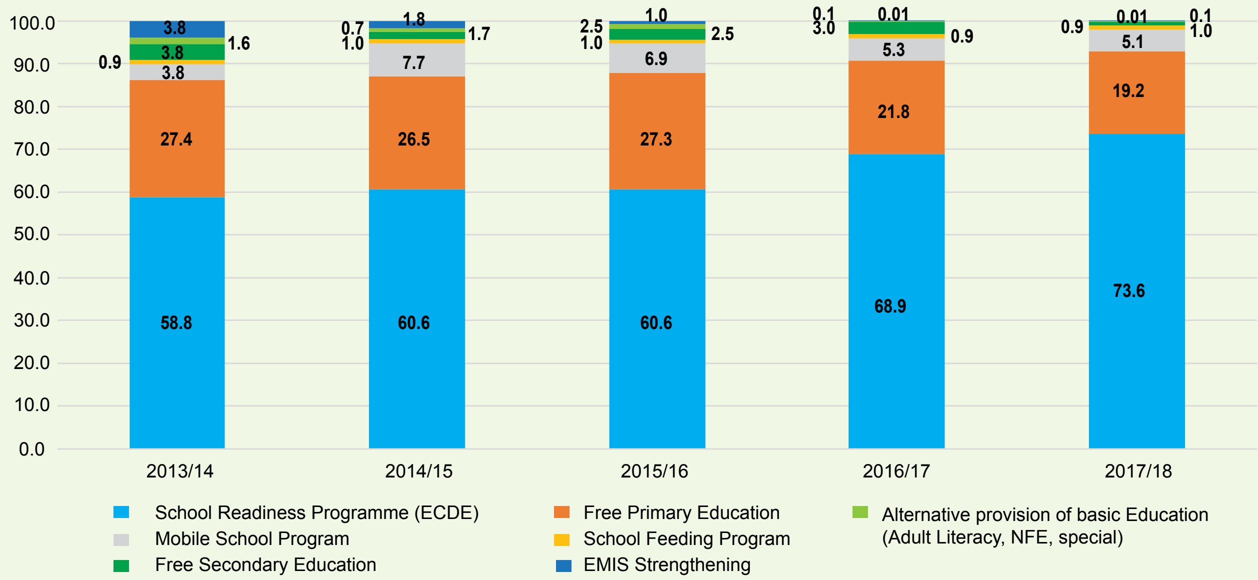
The credibility of education spending by economic classification shows deviations on wages and salaries while there are significant deviations on goods and services and capital

Figure 10a: Education sector spending by programme, 2013/14-2017/18 (Ksh million)



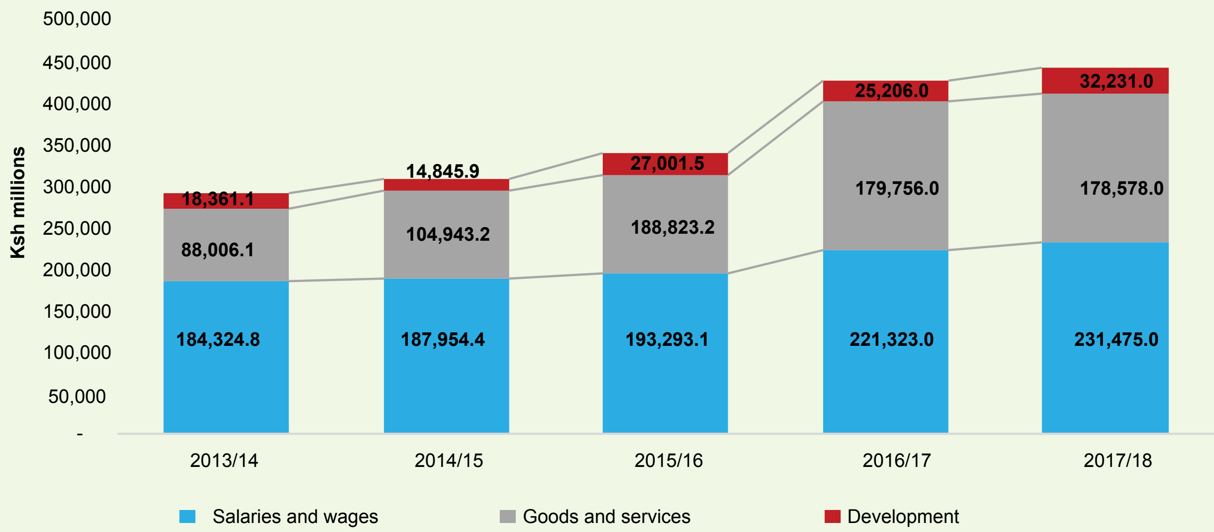
Source: Ministry of Education (2018)

Figure 10b: Education sector spending by programme, 2013/14-2017/18 (%)



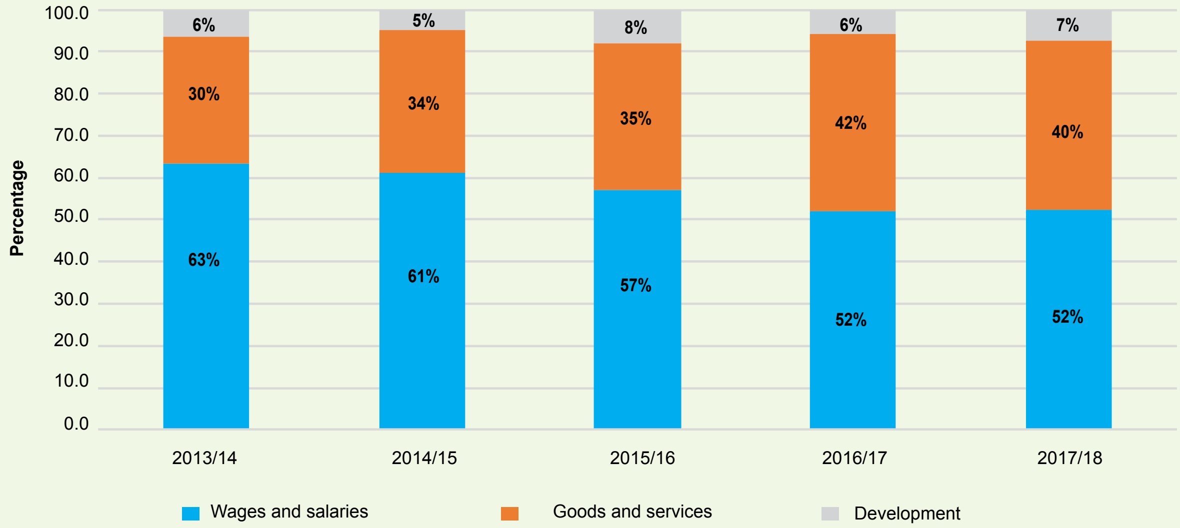
Source: Ministry of Education (2018)

Figure 11a: Education sector spending by economic classification, 2013/2014-2017/18 (Ksh million)



Source: Ministry of Education (2018)

Figure 11b: Education sector spending by economic classification, 2013/2014-2017/18 (% of sector budget)



Source: Ministry of Education (2018)

investment. Apart from wages and salaries, spending under other economic classifications underperformed, as seen in Figure 13. The 6 per cent overspending on wages and salaries in 2015/16, can partly be attributed to implementation of the provisions of the teachers' Collective Bargaining Agreement. Higher under-spending of the investment budget is observed during 2013/14 and 2017/18 (Figure 13). Goods and services were also under-purchased, amounting to an average 14 per cent rate over the 2013/14-2017/18 period.

Decentralization and Education Spending

In Kenya substantial resources are decentralized directly to the sub national level (for education administration and quality assurance) and learning institutions for direct provision of teaching and learning materials, and there is more autonomy for spending at the school level. This has improved efficiency in education resource management, but more is required to improve public financial management capacity at school level. Transfers – grants and subsidies – account for 30 per cent of spending, and have increased because of the FPE and FDSE programmes. For primary schools, the grants cover teaching and learning materials, and operations and maintenance. The capitation grants for public secondary schools cover instructional materials, repairs and maintenance, local transport and travel, administration costs, activity fees, personnel emoluments for non-teaching staff, and basic medical costs.

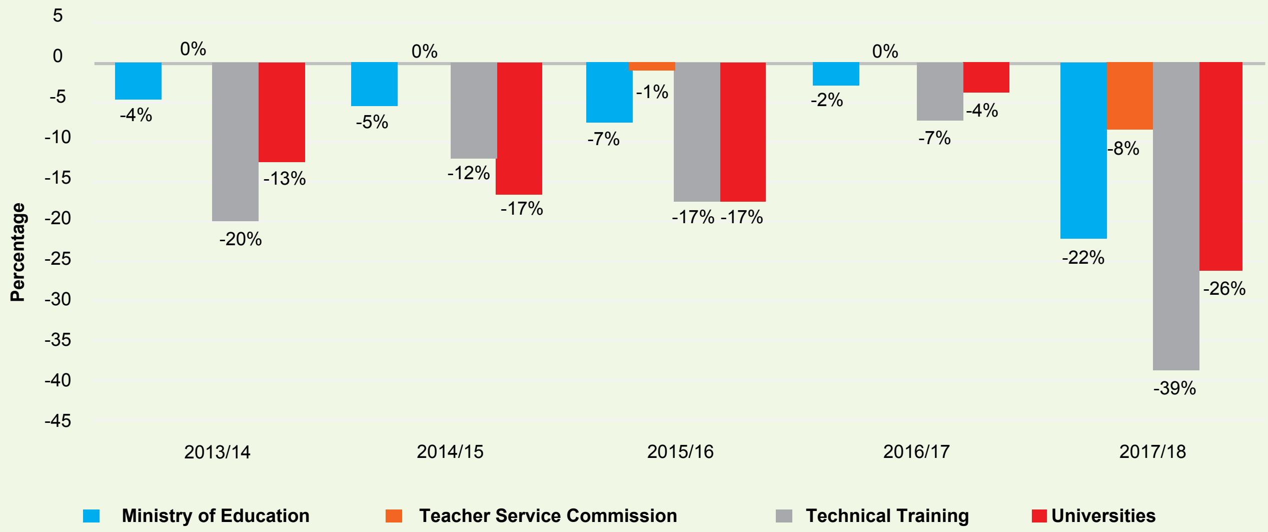
County governments' allocation to education increased six-fold between 2013/4 and 2017/18 (Figure 14). This can be associated with devolution of pre-primary education, village polytechnics, home craft centers and childcare facilities. Some of the devolved funds are also spent on the development of primary schools, secondary schools and special education despite being national government function.

Equity of Education Spending

There are disparities across the counties on the per pupil spending. A comparison of the per pupil spending by region shows that the counties with the least per capita spending are Bungoma, West Pokot, Nyandarua, Kwale and Busia counties (Figure 15). Mombasa County had the highest education spending per capita followed closely by Nairobi County. The high per capita spending in Garissa, Mandera and Wajir depicts increasing resource allocation in these counties.

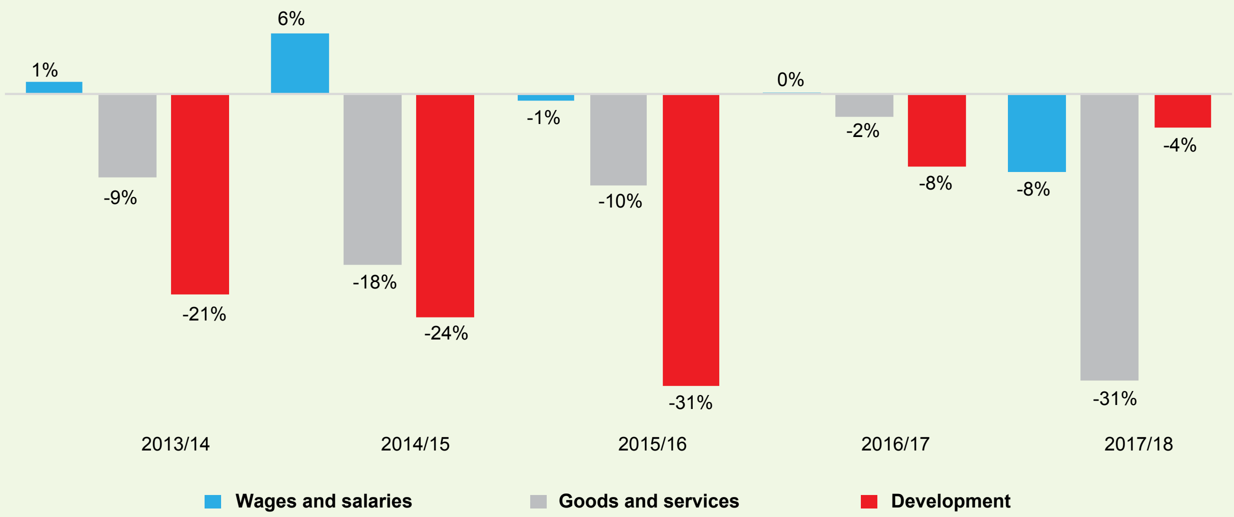
Some Counties with the greatest challenges in getting children to enrol and stay in primary school recorded high per pupil spending As Figure 16 shows, per capita spending tends to be low in the north, coast and arid areas. Counties in these areas tend to have lower enrolment levels but some have relatively high numbers of schooling years – such as West Pokot and Turkana – placing them on the frontier of translating per capita spending into better education outcomes measured in terms of average years of schooling. The counties with low years of schooling are

Figure12: Budget credibility in select institutions, 2013/14-2017/18



Source: Ministry of Education (2018)

Figure 13: Budget credibility by economic classification, 2013/14-2017/18 (deviation from amount approved as a %)



Source: Ministry of Education (2018)

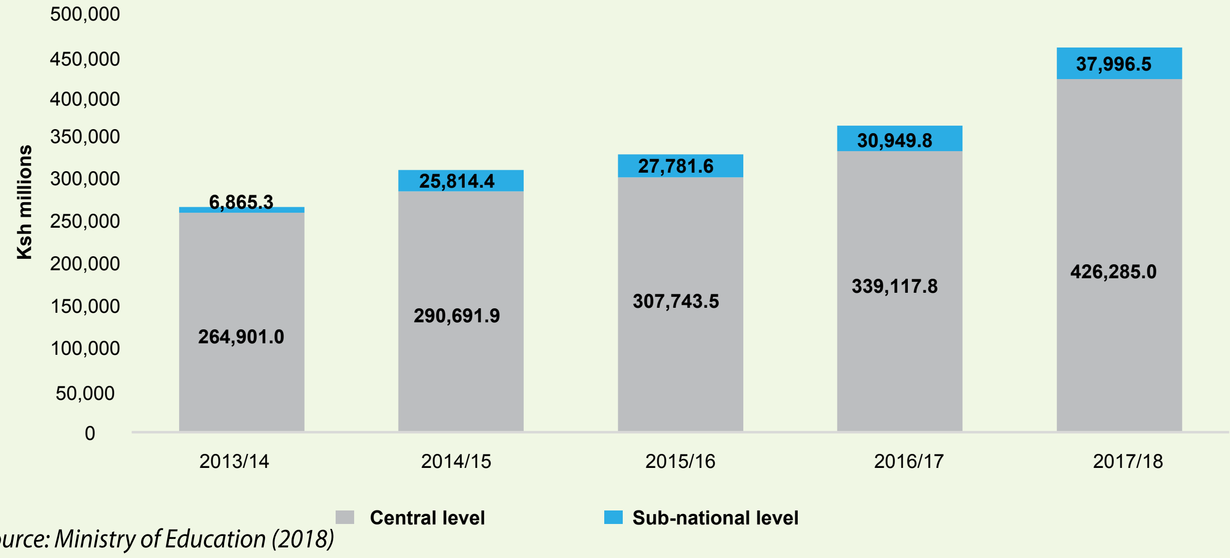
Mandera, Garissa, and Wajir; but they rank among the highest in per capita spending. Kiambu, Nyeri and Uasin Gishu are the most efficient since their per capita spending is low and have high years of schooling. Average years of schooling was 8.4 years compared to national target of 12 years; that is, if the entire population aged 15-64 years were to have a minimum of secondary education.

It is expected that counties with high child poverty allocate higher per capita spending on education. However, some counties with high child poverty rate including Turkana, West Pokot, Tana River and Samburu counties (Figure 17) did not necessary have the highest per capita spending. However, Wajir, Mandera and Garissa Counties were among the counties that recorded high per capita spending at primary education level, meaning their resource allocation was pro-poor. But the figure also shows that majority of counties have low allocations despite relatively high poverty levels. The outcomes suggest the need for targeted education pending especially for counties with higher levels of child poverty and ensure higher spending in some of the counties contribute to reduction on incidence of child poverty.

Financing the Education Sector

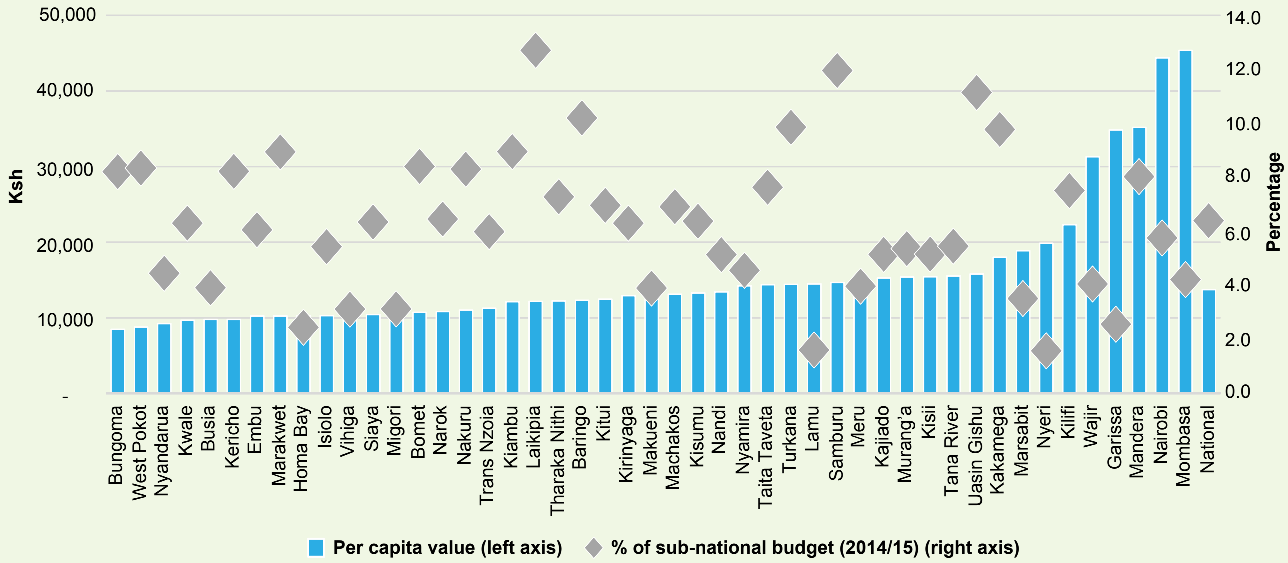
The education sector relies on a wide range of financing sources. These include the public sector (national and county governments), private sector, development partners, households and

Figure 14: National and sub-national spending trends on education sector, 2013/14-2017/18 (Ksh millions)



Source: Ministry of Education (2018)

Figure 15: Education spending by county (per capita and as a % of sub-national budget for 2016/17)



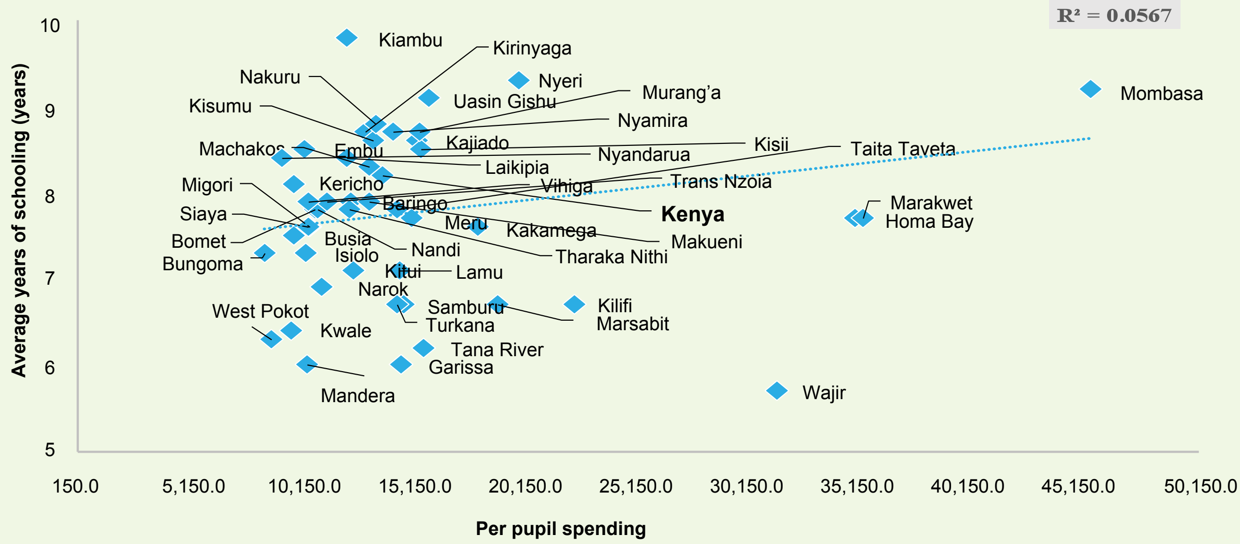
Source: Ministry of Education (2018)

individuals, civil society, faith-based organizations and non-governmental organizations. Public education financing was estimated at 57.6 per cent followed by parents at 33.7 per cent (Figure 18, Figure 19 and Table 3). However, the country has no institutionalized system that captures all sources of education financing and uses. Public financing covers FPE and FDSE capitation grants, TVET and university education, personnel emoluments at all public education institution, and operations and maintenance (O&M) costs.

Household financing as percentage of total education financing increased during the review period. This includes user fees which covers boarding costs and other direct, non-tuition costs. Between 2013/14 and 2017/18, household spending was 37 per cent of total education expenditure (Figure 18). These resources are raised through user fees, mainly directed to private education provision, financing of pre-primary, boarding costs at secondary education level and non-salary inputs at various levels. Households also finance all other direct costs, such as uniforms, transportation, accommodation and meals, among other costs.

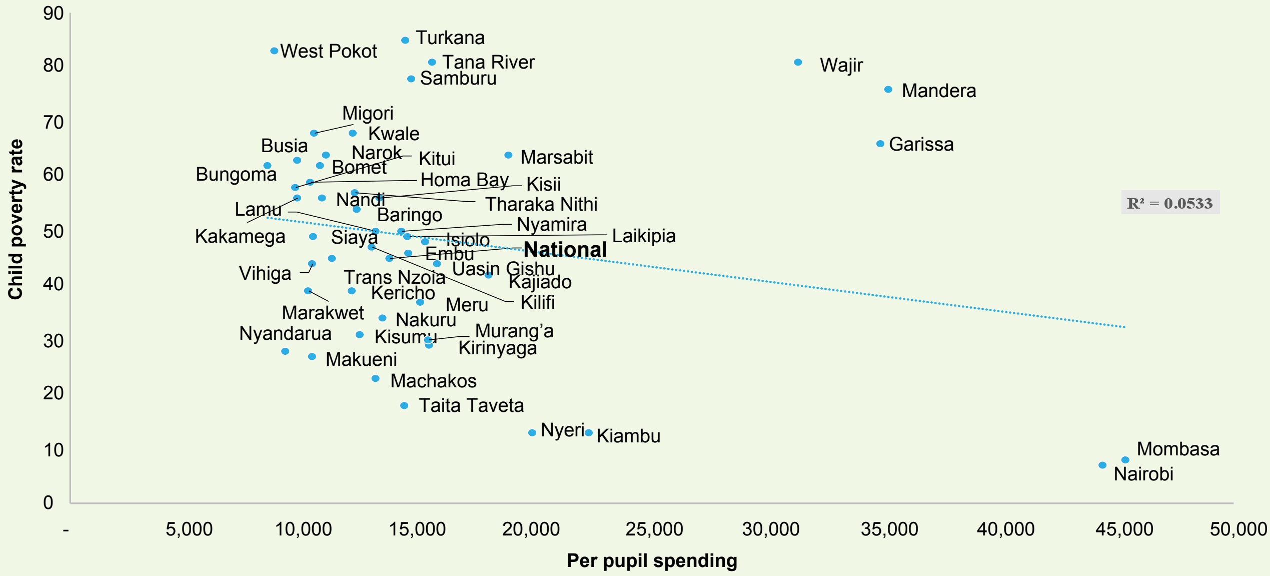
Despite increased public financing to education during the review period, the county governments are yet to provide adequate funding for all children aged 4-5 years in preprimary education. According to the Constitution of Kenya (2010) and Basic Education Act (2013) basic education (which includes pre-primary education, primary and secondary education) is free, compulsory and a right to every child. However, only primary and secondary education are catered for under the free primary and free day secondary education programmes,

Figure 16: Pupil Per capita education spending and average years of schooling by county, 2016/17



Source: Ministry of Education (2018)

Figure 17: Per capita spending on education sector and child poverty rates by county, 2015/16



respectively. It is therefore important for the national government to provide clear policy guidelines on financing of preprimary education as part of basic education; and given its role in laying foundation for learning in all the other education levels. The county governments will need to ring fence capitation grants for pre-primary education learners in order to reduce household spending at this level.

Private sector financing remains low despite the potential in public private partnerships in education financing especially in science, technology, innovation and skills development. The private corporate institutions financed 0.02 per cent of education resources, by providing and operating learning institutions at various levels of education, and/or through direct funding of education inputs. This level is relatively low when compared with household direct financing of education through fees payment (37 per cent). NGOs and development partners' external grants and loans financed shares of 1 per cent and 0.35 per cent, respectively. Overall, NGOs, FBOs, individuals, and corporate organizations support education through improvement of school infrastructure and support to needy students (through bursaries and scholarships), but their contribution remained below 1 per cent over time. It will be important for the sector to design and implement clear guidelines for public private sector partnerships in education for structured contribution of the corporate sector in education.

Figure 18: Main sources of financing the education sector, 2016/17-2017/18 (average as a % of total spending)

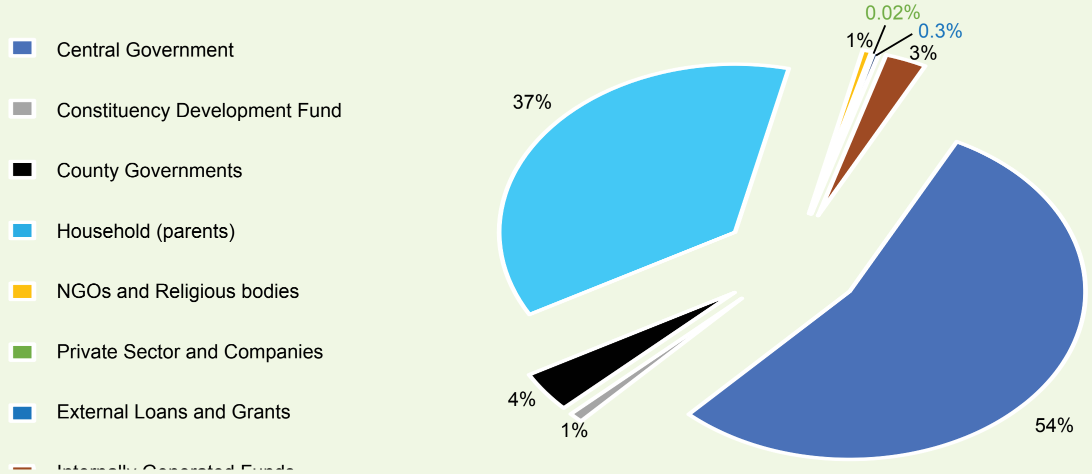
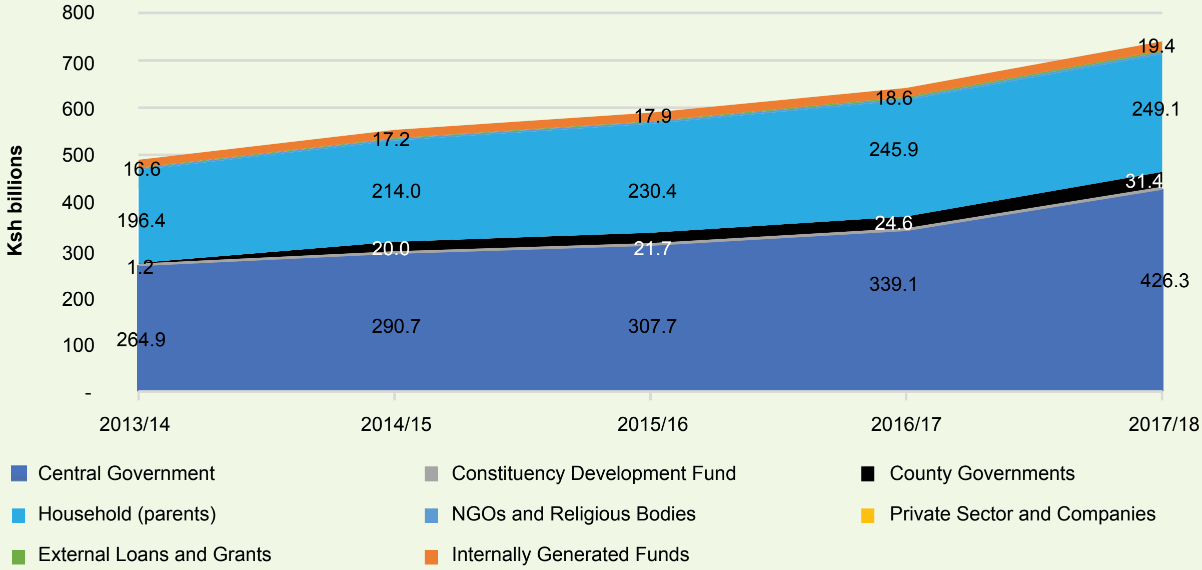


Figure 19: Main sources of financing the education sector, 2013/14-2017/18 (Ksh Billion)



Source: Ministry of Education (2018)

Table 3: Main sources of education sector financing, 2013/14-2017/18 (%)

	2013/14	2014/15	2015/16	2016/17	2017/18
Central Government	54.1	52.6	52.2	52.9	57.6
Constituency Development Fund	1.2	1.1	1.0	1.0	0.9
County Governments	0.3	3.6	3.7	3.8	4.2
Household (Parents)	40.1	38.7	39.1	38.3	33.7
NGOs and Religious bodies	0.7	0.7	0.6	0.6	0.6
Private sector and Companies	0.02	0.02	0.02	0.02	0.02
External Loans and grants	0.3	0.3	0.3	0.5	0.4
Internally Generated Funds	3.4	3.1	3.0	2.9	2.6
Total Education Financing (Billion Ksh.)	489.8	553.0	589.3	641.6	740.1

Source: Ministry of Education (2018)

Implementation Strategy of Key Issues

The following strategies are proposed to address the policy issues emerging from the foregoing analysis.

Issue	Recommendation	Action	Responsibility
Out of school children	Implement targeted interventions to enroll out of school children and increase retention across all levels of education	Conduct a survey to establish the exact number and profile of children out of school and youth not in education, employment and training (NEET), their locality and any unique conditions they are facing. Design targeted interventions to bring them to school	Ministry of Education, National Treasury and Planning, County Governments, Development Partners
Negative perception and poor uptake of TVET	Continue pursuing progressive rebranding and repositioning TVET	Construction and equipping of TVET institutions, advocacy and rebranding of TVET Enhance TVET trainee financing, and capacity building of trainers including full roll out of CBET	Ministry of Education, National Treasury and Planning, County Governments, Development Partners
Inequitable access to education and training	Implement targeted interventions to address regional gender and poverty-related disparities at all levels of education and training Develop and implement the Differentiated Unit Cost (DUC) to guide financing	Conduct a survey to establish the extent of disparities Design targeted interventions to address the various disparities Develop and implement DUC in all tertiary education institutions.	Ministry of Education, National Treasury and Planning, County Governments, Development Partners
Budget credibility	Capacity building in resource mobilization, budget absorption and investment planning	Mobilize resources for capacity building in budgeting and planning at various stakeholder levels Conduct Public Expenditure Tracking and Service Delivery (PETs)	Ministry of Education, National Treasury and Planning
Low access to tertiary education leading to low labour productivity	Expand investment in tertiary education and strengthen linkage between training and industry Improve management and governance for service providers in tertiary training institutions and MDAs	Develop a framework for industry – training linkages and productivity improvement among youth with no formal schooling	Ministry of Education, Industry

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For more information, contact

Kenya Institute for Public Policy Research and Analysis
Bishops Road, Bishops Garden Towers
P.O. Box 56445-00200, Nairobi
Tel: 2719933/4 ; Cell: 0736712724, 0724256078
Email:admin@kippra.or.ke
Website: http://www.kippra.org
Twitter: @kipprakenya

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