

**IN THE THIRD SESSION OF THE SEVENTH
PARLIAMENT OF THE FOURTH
REPUBLIC OF GHANA**

**REPORT OF THE
COMMITTEE ON THE WHOLE**

ON THE

**PROPOSED FORMULA FOR THE
DISTRIBUTION OF THE
GHANA EDUCATION TRUST FUND
(GETFund)
FOR THE YEAR 2019**

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1.0 INTRODUCTION

- 1.1 In fulfilment of the provisions of section 8 (2) of the Ghana Education Trust Fund Act, 2000, (Act 581), the Distribution Formula for monies expected to accrue to the Ghana Education Trust Fund (GETFund) for year 2019 was laid in Parliament on Tuesday, 12th March, 2019 and referred to the Committee of the Whole for consideration and report.
- 1.2 The Committee subsequently met on Wednesday, 13th March, 2019 and considered the referral.

The Committee is grateful to the Hon. Minister for Education, Dr. Matthew Opoku Prempeh, and the Administrator of the Fund, Mr. Richard Boadu for providing clarifications on the proposed Formula.

2.0 REFERENCE DOCUMENTS

The Committee, in preparing its Report, availed itself of the following documents:

- i. The Standing Orders of the House.
- ii. The Ghana Education Trust Fund Act, 2000 (Act 581).
- iii. The Formula for the Distribution of the Ghana Education Trust Fund (GETFund) for year 2018.
- iv. Report of the Committee of the Whole on The Formula for the Distribution of the Ghana Education Trust Fund (GETFund) for year 2018.

3.0 BACKGROUND INFORMATION

3.1 Sub-sections (1) and (2) of Section 8 of Act 581 mandate the Board of Trustees of the Fund to submit annually to Parliament for approval, a Formula for the distribution of funds in respect of the following:

- a. tertiary education;
- b. second cycle education;
- c. basic education;
- d. investment; and
- e. other related aspects of education, such as distance education, school and public libraries and special education.

3.2 Section 8 (3) of Act 581 also stipulates that in arriving at the Formula for the distribution of proceeds of the GETFund, some crucial factors that relate to education delivery and development in the country should be taken into account. In fulfilment of Section 8(3) of Act 581 therefore, the Board of Trustees of the Fund took the following factors into consideration in arriving at the 2019 Formula for the distribution of the Fund:

- i. Promotion of the study of Mathematics, Science, and Technology.
- ii. Advancement of female education.
- iii. Reduction in the high level of illiteracy in historically disadvantaged areas.
- v. Promotion of computer, vocational and technical education and training.
- vi. Equitable allocation of funds to the Districts at the Pre-Tertiary level of education.

5.0 OBSERVATIONS AND RECOMMENDATIONS

5.1 Review of Year 2018 Performance of the GETFund

a. GETFund Allocation for year 2018

The Committee observed that an amount of nine hundred and twenty-four million, eight hundred and four thousand, five hundred and forty-three cedis (GH¢924,804,543.00) was approved by the House for the Fund for year 2018.

The Committee further observed that out of the approved figure, an amount of four hundred and seventy-seven million, five hundred and eleven thousand, six hundred cedis (GH¢477,511,600.00) was realigned towards government priority programmes. Thus, the Fund was left with an amount of four hundred and forty-seven million, two hundred and ninety-two thousand, nine hundred and forty-five cedis (GH¢447,292,945.00) for the funding of its regular projects and programmes.

b. Disbursement of Accruals for year 2018

The Committee noted that notwithstanding the fact that an amount of GH¢924,804,543.00 was approved by the House for year 2018, actual accrual to the Fund was nine hundred and fifteen million, eight hundred and forty-two thousand, seven hundred and forty-eight cedis, forty-five pesewas (GH¢915,842,748.45). Out of this amount, only four hundred and four million, seven hundred and nineteen thousand, five hundred and seventy-two cedis, ninety-four pesewas (GH¢404,719,572.94) representing 44.19% was released to the Fund leaving an outstanding amount of five hundred and eleven million, one hundred and twenty-three thousand, one hundred and seventy-five cedis, fifty-one pesewas (GH¢511,123,175.51) as at 31st December, 2018.

It is worth noting that an amount of one hundred and seventy-two thousand, five hundred and forty-five thousand and seventy-eight cedis (GH¢172,545,078.00) out of the GH¢404,719,572.00 released to the Fund, was used to cater for realigned government priority programmes leaving the Fund with an amount of two hundred and thirty-two million, one hundred and seventy-four thousand, four hundred and ninety-four cedis (GH¢232,174,494.00) for its regular projects and programmes.

In spite of the above, the Fund was able to undertake some major projects which are at various stages of completion. These include:

- Construction and rehabilitation of dormitories, classrooms, dining halls and other facilities at various Senior High Schools.
- Construction and rehabilitation of basic school classroom blocks.
- Construction of kindergarten facilities.
- Provision of whiteboard and markers in some Senior Highs.
- Supply of classroom furniture, beds and mattresses to various schools.

The Committee expressed grave concern about the delays in the payment of accruals to GETFund, as such delays adversely affected the implementation of planned projects and programmes.

The Committee therefore urges the Ministry of Finance to release the outstanding amount of GH¢511,123,175.51 in respect of year 2018 as a matter of urgency to enable GETFund meet its 2018 commitments and liabilities.

c. Securitization of GETFund Receipts

The Committee noted that in year 2018, the House gave approval to the Ministries of Education and Finance to securitize a portion of

GETFund receipts to raise a US\$1.5 billion loan facility for the provision of educational infrastructure.

The Committee was informed that the GETFund through, the Ministry of Education, would access the loan facility in three tranches of US\$500 million over a period. Thus, the cedi equivalent of the first tranche of US\$500 million would be utilised by GETFund in year 2019.

5.2 Projected Accruals for the 2019 Fiscal Year

As indicated in the Budget Statement and Economic Policy of the Government of Ghana for the 2019 Financial Year, an amount of **one billion, two hundred and six million, seven hundred and sixty-four thousand cedis (GH¢1,206,764,000.00)** is expected to accrue into the GETFund for year 2019. The distribution of the amount of GH¢1,206,764,000.00 per the various sub-sectors of education and other related areas is shown in the Table below:

GETFund Distribution Formula for year 2019

Sub-Sector	Amount (GH¢)	Percentage (%)
Debt Service Reserve	255,926,000.00	21.21
Debt Service Account	170,648,000.00	14.14
Tertiary Education	318,626,000.00	26.40
Second Cycle Education	160,500,000.00	13.30
Basic Education	160,803,000.00	13.33
Others (GETFund, Ministry of Education)	115,511,000.00	9.57
MPs Emergency Projects and Monitoring	24,750,000.00	2.05
T O T A L	1,206,764,000.00	100

5.3 Focus Areas of GETFund for year 2019

The Committee noted that the major area of focus of the Fund for year 2019 will be the servicing of the first tranche (US\$500 million) of the long term facility approved by the House in year 2018.

Other areas that the Fund would focus on are as follows:

- i. Completion of ongoing projects and payment of arrears.
- ii. Construction of new facilities across all sectors of education.
- iii. Construction of kindergarten facilities.
- iv. Regulatory and Policy reforms.

Components of the above projects and programmes include the following:

- a. provision of academic facilities and infrastructure;
- b. allocation of funds to the Students Loan Trust Fund;
- c. scholarships; and
- d. procurement of teaching and learning materials.

It is important to note that in addition to the above areas of focus of the Fund for year 2019, attention would be given to priority needs at all levels of education.

5.4 Allocation to Tertiary Education

The Committee noted that for year 2019, tertiary education has been allocated an amount of GH¢318,626,000.00 representing 26.40% of funds expected to accrue to the Fund to support a range of activities and interventions.

The Committee was informed that the high allocation to tertiary education is based on the fact that government is mindful of the impending impact of increased enrollment in tertiary institutions due to the Free Senior High School Policy. Against this backdrop, an additional amount of GH¢140,778,446.00 out of the first tranche of the (US\$500 million) of the long term loan facility, has been allocated to tertiary education for the development of essential projects.

5.5 Allocation to Second Cycle Education

An amount of GH¢160,500,000.00 representing 13.30% of the expected accruals to the Fund for year 2019 has been provided for second cycle education.

The Committee noted that the allocation would be utilised for the payment of specific projects and programmes. Second Cycle Education would also benefit from an amount of GH¢1,278,306,720.00 from the first tranche of the (US\$500 million) of the long term loan facility for critical Senior High School projects.

5.6 Allocation to Basic Education

The Committee observed that an amount of GH¢160,803,000.00 representing 13.33% of the total accruals for year 2019 has been earmarked for projects and programmes at the basic level. Basic Education would also benefit from an amount of GH¢207,749,981.00 from the first tranche of the (US\$500 million) of the long term loan facility for basic schools infrastructure and for the procurement of teaching and learning materials.

5.7 Allocation for Investment

The Committee observed that for the first time in many years, the Board of Trustees of the GETFund has heeded to Parliament's call to adhere strictly to the provisions of Section 8 (2) of Act 581 by allocating funds for investment activities in the Education Sector.

The Committee noted that for year 2019 an amount of GH¢3,016,910.00 representing 0.25% of the total amount expected to accrue to the Fund has been earmarked for investment activities. This figure is incorporated in the amount of GH¢115,511,000.00 allocated to the Ministry of Education, institutions and agencies within the Education Sector.

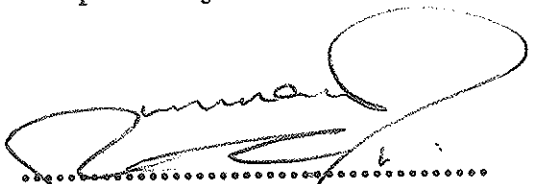
The Committee considers this, a step in the right direction and urges the managers of the Fund to ensure sustained allocation for investment activities.


6.0 CONCLUSION

Undeniably, the GETFund plays an important role in the development of education in the country. The Committee, having considered the Distribution Formula of expected inflows into the Fund for year 2019, is of the view that the amount to be accrued would go a long way to support critical projects and programmes for the development of education in the country. In this regard, the Committee urges the Ministry of Finance to ensure timely releases of accruals in order not to disrupt GETFund's schedule for the implementation of planned projects and programmes.

The Committee hereby recommends to the House to approve the 2019 GETFund Distribution Formula for an amount of **one billion, two hundred and six million, seven hundred and sixty-four thousand cedis (GH¢1,206,764,000.00)** to enable the GETFund Secretariat distribute same to the specified areas of the Education Sector.

Respectfully submitted.


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HON. ALBAN S. K. BAGBIN
(SECOND DEPUTY SPEAKER)


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ABIGAIL ABA ANSO
(CLERK, COMMITTEE ON EDUCATION)