

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

**REPORT OF THE
COMMITTEE OF THE WHOLE**

ON THE

**PROPOSED FORMULA FOR THE
DISTRIBUTION OF THE GHANA
EDUCATION TRUST FUND
FOR YEAR 2020**

PARLIAMENT OF GHANA LIBRARY

REPORT OF THE COMMITTEE OF THE WHOLE ON THE PROPOSED FORMULA FOR THE DISTRIBUTION OF THE GHANA EDUCATION TRUST FUND (GETFund) FOR THE YEAR 2020

1.0 INTRODUCTION

1.1 In accordance with the provisions of section 8 (2) of the Ghana Education Trust Fund Act, 2000, (Act 581) the Proposed Formula for the Distribution of monies expected to accrue to the Ghana Education Trust Fund (GETFund) for year 2020 was presented to Parliament by the Hon. Majority Leader and Minister for Parliamentary Affairs, Mr. Osei Kyei-Mensah-Bonsu on Wednesday, 11th March, 2020. Thereafter, the Proposed Formula was referred to the Committee of the Whole for consideration and report.

1.2 Subsequently, the Committee met on Thursday, 19th March, 2020 and considered the referral.

The Committee expresses its appreciation to the Hon. Minister for Education, Dr. Matthew Opoku Prempeh, and the Administrator of the Fund, Mr. Richard Boadu as well as officials from the Ministry of Education and the GETFund Secretariat for attending upon the Committee.

2.0 REFERENCE DOCUMENTS

In preparing its Report, the Committee made reference to the following documents:

- i. The Standing Orders of the House.
- ii. The Ghana Education Trust Fund Act, 2000 (Act 581).
- iii. Earmarked Funds Capping and Realignment Act, 2017 (Act 947).
- iv. The Ghana Education Trust Fund (Amendment) Act, 2018 (Act 972).

- v. The Formula for the Distribution of Proceeds of the GETFund for year 2019.

3.0 **BACKGROUND INFORMATION**

3.1 Section 8(2) of Act 581 enjoins the Board of Trustees of the GETFund to submit annually to Parliament for approval, a formula for the distribution of funds to the following sub-sectors of education:

- 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) provides that in preparing the Formula for the distribution of the proceeds of the Fund, the Board of Trustees of the Fund should take into account, some crucial factors that relate to the delivery and development of education in the country. Accordingly, in arriving at the Formula, the Board took the following factors into account:

- a. promotion of the study of Mathematics, Science, and Technology;
- b. advancement of female education;
- c. reduction in the high level of illiteracy in historically disadvantaged areas; and
- d. promotion of Computer, Vocational and Technical Education and Training.

3.3 In arriving at the Formula, the Board also took into consideration, the provisions of Section 8(4) of Act 581 which provides that funds allocated

under the Formula in respect of pre-tertiary education should be equitably distributed to the Districts.

3.4 Accordingly, the Fund's structure of spending for year 2020 would support and achieve the following:

- expansion of access to education;
- improvement of quality education; and
- closing the social and spatial gaps that tend to generate inequities in the Education Sector, especially at the pre-tertiary level and also, in deprived and hard to reach communities.

4.0 **OBSERVATIONS AND RECOMMENDATIONS**

4.1 Review of Year 2019 Financial Performance of the Fund

The Committee observed that an amount of One billion, Two hundred and Six Million, Seven Hundred and Sixty-four Thousand Ghana Cedis (GH¢1,206,764,000.00) was approved by the House for the Fund for the 2019 fiscal year. Out of the approved amount of GH¢1,206,764,000.00, actual monies that accrued to the Fund was One Billion, One Hundred and Eighteen Million, Four Hundred Thousand, Five Hundred and Eighty Ghana Cedis (GH¢1,118,400,580.00). This represents a shortfall of Eighty-eight Million, Three Hundred and Sixty-three Thousand, Four Hundred and Twenty Ghana Cedis (GH¢88,363,420.00).

The Committee further noted that out of the amount of GH¢1,118,400,580.00 that accrued to the Fund, only Five Hundred and Fifty-Seven Million, Nine Hundred and Seventy-Two Thousand, Six Hundred and Thirty-Seven Ghana Cedis (GH¢557,972,637.00) representing 49.9% had been released to the Fund by the Ministry of Finance as at end of July 2019. No releases were made for the period, August to December 2019, leaving an outstanding balance of Five

Hundred and Sixty Million, Four Hundred and Twenty-seven Thousand, Nine Hundred and Forty-three Ghana Cedis (GH¢560,427,943.00). Details of the 2019 allocation are captured in Table 1.

Table 1

2019 Allocation and Disbursement as at 31st December, 2019

Sub-sector	Allocations for 2019	%	Actual Disbursement	%
Debt Service	426,574,000.00	35.35	270,423,719.93	48.47
Tertiary Education	318,626,000.00	26.40	76,724,457.17	13.75
Second Cycle Education	160,500,000.00	13.30	131,412,672.90	23.55
Basic Education	160,803,000.00	13.33	7,482,189.87	1.34
Others	115,511,000.00	9.57	54,929,597.07	9.84
Members of Parliament	24,750,000.00	2.05	17,000,000.00	3.05
TOTAL	1,206,764,000.00	100	557,972,636.94	100

It is worth noting that the 2019 outstanding amount excludes arrears of Seventy-six Million, Six Hundred and Six Thousand, Three Hundred and Forty-nine Ghana Cedis (GH¢76,606,349.00) accumulated from year 2016.

This, according to the Minister for Education, adversely affected the implementation of planned projects and programmes of the Fund. The Committee expressed concern about the development, and urges the Ministry of Finance to institute measures to address this situation, which often disrupts the Fund's schedule for the implementation of projects and payments to contractors, among others.

4.2 Major Projects Undertaken by the Fund in year 2019

Notwithstanding the low releases of monies to the Fund in year 2019, the Committee noted that the Fund was able to undertake some major projects some of which are enumerated as below:

- Construction and completion of academic facilities in tertiary institutions.
- 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 High Schools.
- Supply of classroom furniture as well as beds and mattresses to various schools.
- Procurement of buses and pick-ups for schools and Agencies under the jurisdiction of the Ministry of Education.
- Procurement of Teaching and Learning materials for schools.

The detailed expenditure breakdown of the projects and programmes undertaken by the GETFund is attached as an Appendix.

4.3 Projected Accruals for the 2020 Fiscal Year

An amount of One Billion, Two Hundred and Twenty-Eight Million, Thirty-Eight Thousand, Four Hundred and Forty-Eight Ghana Cedis (GH¢1,228,038,448.00) is expected to accrue into the GETFund for the 2020 fiscal year. The distribution of this amount per the various sub-sectors of education and other related areas is shown in Table 2:

Table 2

GETFund Distribution Formula for year 2020

SUB-SECTOR	AMOUNT (GH¢)	PERCENTAGE (%)
Debt Service Reserve	192,740,000.00	15.69
Debt Service Account	493,915,000.00	40.22
Tertiary Education	225,000,000.00	18.32
Second Cycle Education	106,665,000.00	8.69
Basic Education	97,476,448.00	7.94
Others (GETFund, Ministry of Education)	86,117,000.00	7.01
MPs (Emergency Projects and Monitoring)	26,125,000.00	2.13
T O T A L	1,228,038,448.00	100

4.4 Projects and Programmes for 2020

Taking into consideration the amount that will accrue to the Fund in year 2020, the Fund plans to undertake the following projects and programmes, among others:

- a. Completion of ongoing projects and payment of arrears.
- b. Construction of new facilities across all sectors of education.
- c. Construction of kindergarten facilities.
- d. Regulatory and Policy reforms.

Other projects and programmes to be undertaken by the Fund include:

- i. academic facilities and infrastructure;
- ii. allocation of funds to the Students Loan Trust Fund;
- iii. scholarships; and
- vi. procurement of teaching and learning materials.

The Committee was informed by the Hon. Minister for Education that notwithstanding the focus of the Fund for year 2020, attention would also be given to other priority needs.

4.5 Allocation for MPs Emergency Projects and Monitoring Activities

As shown in Table 2, GETFund has proposed a total amount of Twenty-six Million, One Hundred and Twenty-five Thousand Ghana Cedis (GH¢26,125,000.00) for Members of Parliament to undertake projects and the monitoring of the projects in their constituencies. The specifics are as follows:

a. Allocation for Projects

An amount of Seventy Thousand Ghana Cedis (GH¢70,000.00) would be provided for each MP for the funding of education related projects in their respective constituencies. This would amount to Nineteen Million, Two Hundred and Fifty Thousand Ghana Cedis (GH¢19,250,000.00).

b. Allocation for Monitoring

With regard to the monitoring of education related projects, each MP would be allocated Twenty-five Thousand Ghana Cedis (GH¢25,000.00). This would also amount to Six Million, Eight Hundred and Seventy-five Thousand Ghana Cedis (GH¢6,875,000.00).

4.6 Servicing of the US\$1.5 Billion Loan Facility

It would be recalled 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 GETFund, through the Ministry of Education was to service the loan in three tranches.

The Committee observed that for year 2020, GETFund will focus on servicing the first tranche (in the sum of US\$ 500 Million) of the long term loan facility. Accordingly, it is estimated that about 55.91% of total spending will go for this purpose. The Committee expressed concern that in view of the debt servicing, only 44% of the expected

accruals to the Fund in year 2020 would be available to cater for the projects and programmes of the Fund.

The Committee was informed that the loan facility enabled the GETFund pay contractors, whose certificates were in arrears. However, contractors have not been able to complete the projects because the delays in the release of funds have affected the cost of the projects.

The Hon. Minister for Education informed the Committee that a team of consultants have been tasked to revalue the projects and align them to meet current inflationary and interest rates.

4.7. Capping of Earmarked Funds

The Committee noted that the capping of earmarked funds, pursuant to the Earmarked Funds Capping and Realignment Act, 2017 (Act 947) poses a major challenge to the operations of GETfund as the policy continues to significantly reduce monies that should conventionally accrue to the Fund. The Committee observed that the capping regime, coupled with the worrying trend of the Ministry of Finance's inability to release all monies that accrue to the Fund, may affect the ability of the GETFund to pursue its mandate as expected, if not addressed.

In order not to defeat the purpose for which the GETFund was set up, the Committee strongly urges the Ministry of Finance to ensure that monies that are expected to be made available to the GETfund for the execution of projects and programmes are duly released, and on time.

5.0 **CONCLUSION**

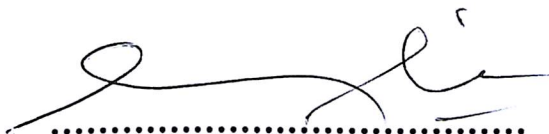
GETFund is a very important vehicle for key investments in education, particularly, the provision of educational infrastructure. In the light of this, it is imperative for Government to ensure that accruals to the

Fund, as provided under the GETFund Act, are released for the purpose for which the Fund was set up.

Having carefully considered the Proposed Formula for Distribution of expected inflows into the GETFund for year 2020, the Committee is of the opinion that the Formula has taken into consideration, critical and strategic areas of the education sector.

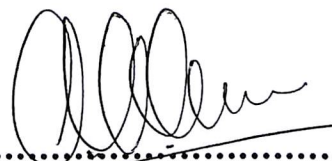
The Committee therefore recommends to the House to approve the year 2020 Proposed GETFund Distribution Formula for an amount of One Billion, Two Hundred and Twenty-Eight Million, Thirty-Eight Thousand, Four Hundred and Forty-Eight Ghana Cedis (GH¢1,228,038,448.00) to enable the GETFund Secretariat distribute same to the designated areas of the Education Sector.

Respectfully submitted.



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HON. JOSEPH OSEI-OWUSU
(FIRST DEPUTY SPEAKER AND
CHAIRMAN, COMMITTEE OF THE WHOLE)

PARLIAMENT OF GHANA LIBRARY



.....
ABIGAIL ABA ANSO
(CLERK, COMMITTEE ON EDUCATION)

MARCH 2020

APPENDIX I

DISTRIBUTION FORMULA - GETFUND 2019

SUB-SECTOR	2019	
	(GH¢' 000)	%
LONG TERM LOAN FACILITY		
Debt Service Reserve Account	255,926	21.21
Debt Service Account	170,648	14.14
	426,574	35.35
TERTIARY EDUCATION		
Academic Facilities & Infrastructure - Ongoing & New	80,000	6.63
Academic Facilities & Infrastructure - Arrears	27,000	2.24
Scholarships	80,000	6.63
Students Loan Trust	35,000	2.90
Faculty Development & Research	10,000	0.83
University of Ghana Endowment Fund	5,000	0.41
KNUST Engineering Lecture Hall Complex	10,000	0.83
Special Support for UENR - Sunyani Campus Laboratory	13,000	1.08
Special Support for UDS Tamale Campus - 3-Storey Lecture Hall & Office Complex	15,000	1.24
Colleges of Education: -		-
Completion of Ongoing Projects	25,000	2.07
Payment of Arrears	20,000	1.66
Sub-total	320,000	26.52
SECOND CYCLE EDUCATION		
Payment of SHS Arrears	37,000	3.07
SHS Targeted & Emergency Projects,	28,000	2.32
Community Day SHS	20,000	1.66
Furniture for SHS Structures (Including Beds and Mattresses)	20,000	1.66
White Boards for SHS Classrooms	5,000	0.41
Fencing of SHS	15,000	1.24
Text Books for SHS including arrears	15,000	1.24
Upgrade of TVET Institutions	3,000	0.25
Science Technology Engineering & Mathematics (STEM)/AIMS	8,000	0.66
Washrooms and Boreholes for SHS	8,000	0.66
Second Cycle Contingencies	1,500	0.12
Sub-total	160,501	13.30
BASIC EDUCATION		
New Projects	20,000	1.66
Textbooks including Braille Materials & Equipment	8,153	0.68
Furniture for Basic Schools	23,052	1.91
White Boards for Basic Schools	4,000	0.33
Fencing of Schools	2,000	0.17
Water and sanitation for Schools (Boreholes & Toilets)	5,000	0.41
Institutions of the Handicapped	4,076	0.34
Rehabilitation of Dilapidated Structures	6,522	0.54
Promotion of French	2,200	0.18
Special Programs to promote Girl Child Education and Mathematics/Science	2,000	0.17
Ongoing projects & Arrears - Priority Infrastructure for Schools	41,000	3.40
Construction of Classrooms for KGs	35,800	2.97

Learning Materials for KGs	6,000	0.50
Basic Education Contingencies	1,000	0.08
Sub-total	160,802	13.33
OTHERS		
MOE and Subvented Agencies	29,011	2.40
NTC, NaCCA, NIB and CENDLOS	10,000	0.83
Cambridge Assessment	5,600	0.46
Scholarship Secretariat	7,000	0.58
Renovation/Construction of Office Building - HQ	3,500	0.29
Renovation of GES Buildings	2,000	0.17
GETFund Operational and Monitoring Costs	19,660	1.63
Youth Employment Agency	31,323	2.60
Investment	3,017	0.25
Contingencies	4,400	0.36
Sub-total	115,512	9.57
MEMBERS OF PARLIAMENT		
MPs Emergency Projects	17,875	1.48
MPs Monitoring (Including Select Committee on Education)	5,500	0.46
Sub-total	23,375.00	1.94
GRAND TOTAL	1,206,764	100