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A Secondary Consideration? Public Spending on Education Since 1990

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Since independence, Namibia has maintained a high and sustained level of public spending on education. Recent budgets, however, suggest this may not continue. The share of education spending going towards tertiary and non-formal education has increased while the share allocated to secondary education has declined steadily. The distribution of public resources per learner within primary education appears to have become more equal across the country's seven education regions but the opposite appears to have taken place in secondary education. Unsurprisingly in such a labour intensive sector, pay settlements for teachers and other workers in public education make an important impact on the distribution of resources across regions and levels of education.

Since independence, the government of Namibia has consistently expressed its intention to prioritise education as a means of promoting development. According to Article 20 of Namibia's constitution, everyone has the right to education and, furthermore, primary education is compulsory and should be provided free of charge to every resident by the Namibian state.

Education, however, is not free to society as a whole but must be paid for. Education in Namibia is financed from four major sources: from general taxation and borrowing through the national budget, from charges and fees levied on individual students for the particular educational services they receive, from voluntary contributions paid by parents and students, and from other contributors such as foreign donors and private businesses. This short paper examines trends in public spending on education since independence. It focuses exclusively on expenditures that take place through the national budget.

Public spending is only part of the picture...

It is important to emphasize that, because this paper confines itself to public spending on education, it gives only a partial picture of the total resources devoted to the education sector in Namibia. Private spending on education is significant in many countries. According to the World Bank (World Bank, 2001) private spending averages 25% of all education expenditures, including tertiary education, in developing countries and 12% in high-income countries. Globally, households contribute almost 20% of education expenditures but wide variations exist. Thus, for example, private spending made up 40% or more of total spending on education in Uganda (in 1990), Chile (in 1996) and the Republic of Korea (in 1994) while in 1995 private spending accounted for less than 5% of all spending on education in the Netherlands and Sweden.

...although the issue of private contributions to education is controversial.

In Namibia private contributions to primary and secondary education are not obligatory. Parents are often expected to pay for uniforms, school materials and books as well as contribute towards the school fund over which schools themselves have control. However, much is left to the discretion of the individual school or school principal. There is an ongoing debate over the issue of private contributions. Many argue that asking for private contributions goes against the spirit of the Constitution, discourages poor families from sending their children to school and stops children from poorer families from attending better schools. Others believe such charges help dispel the notion that education is free, encourage parental involvement, foster the initiative of schools themselves, and provide important supplementary resources to education that would otherwise not be available.

No estimate currently exists for total private spending on education in Namibia although one study conducted for the Presidential Commission on Education (Mendelsohn, 1999) has examined the level of private contributions to primary and secondary education. It concluded that school fees are paid at the great majority of schools, that there is a very high degree of variation in the amounts payable, that amounts paid for primary grades are much lower than those paid for secondary grades, that fees paid at government schools are much lower than those at private schools, that the amounts paid at the great majority of schools are very low, that most households devote less than 1% of their total annual expenditure on schooling for all their children, and that the poorest households pay proportionately less of their income on schooling than wealthier ones. If these conclusions are correct, it is likely that private spending accounts for a smaller proportion of total spending than in many other developing countries but is probably more significant in the better off parts of the country and secondary levels of the education system.

Some explanations help to explain what is going on in education.

The education system in Namibia runs from Grade 1 to Grade 12 and is divided into Lower Primary (Grades 1-4), Upper Primary (Grades 5-7), Junior Secondary (Grades 8-10) and Senior Secondary (Grades 11 and 12). The term *basic education* comprises the first ten grades, that is, all grades apart from the Senior Secondary level. Education services at these levels are delivered by primary and secondary schools throughout the country. Tertiary education includes higher education (the University of Namibia, the Polytechnic of Namibia and the Colleges of Education) and vocational training (the Vocational Training Centres or VTCs). Non-formal education provides adults and out-of-school youth with basic education through the Namibian College of Open Learning (Namcol) and the National Literacy Programme. Library services are also included.

Public education services are currently delivered through two ministries of education: the Ministry of Basic Education, Sport and Culture and the Ministry of Higher Education, Training and Employment Creation. For budgeting purposes, each of these ministries has its own vote, that is to say, parliament has to separately approve the budgets of each ministry. Each vote is divided into a number of main divisions which, in turn, are divided into sub-divisions. Once the budget has been approved by parliament, ministries require the approval of the Minister of Finance to move money from one main division or sub-division to another, so-called *virements*.

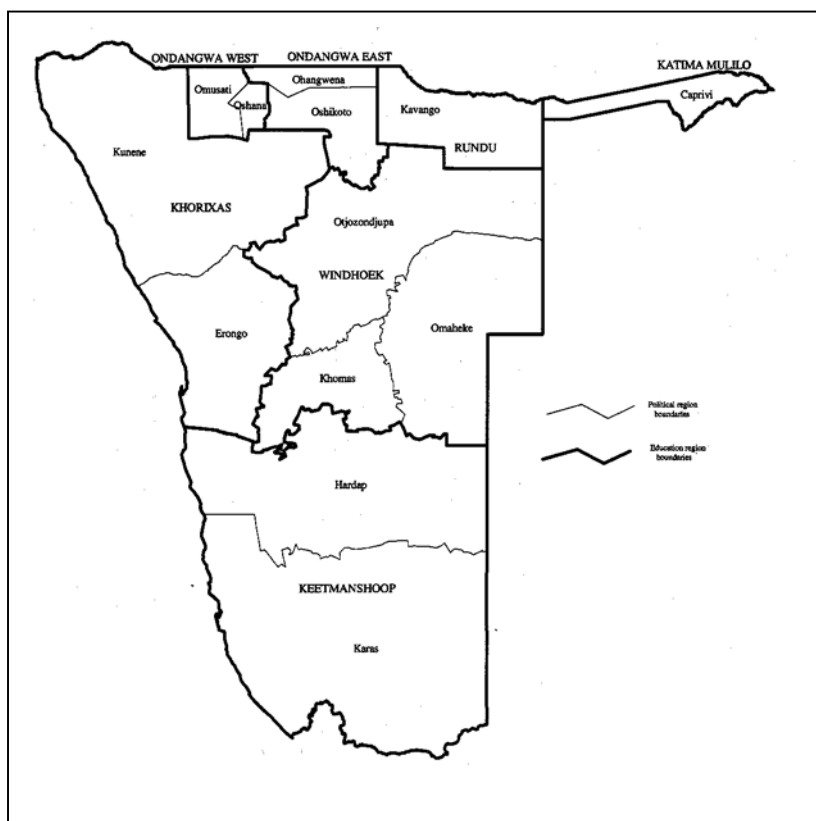
Public expenditure on education started out under a single vote in 1990/91, that of the Ministry of Education, Culture, Youth and Sport under Vote 9. In 1991/92 this ministry was divided into Vote 10, the Ministry of Education and Culture, and Vote 11, the Ministry of Youth and Sport. In 1996/97 the former was divided into Vote 10, the Ministry of Basic Education and Culture, and a new vote



was created, Vote 27 the Ministry of Higher Education, Vocational Training, Science and Technology. In 2000/01 the Ministry of Youth and Sport ceased to exist. Sport was moved back to the Ministry of Basic Education as Main Division 10 while Youth Development and Youth Training and Employment were moved to the Ministry of Higher Education as Main Divisions 7 and 8 respectively. The Ministry of Basic Education and Culture was renamed the Ministry of Basic Education, Sport and Culture, while Vote 27 was renamed the Ministry of Higher Education, Training and Employment Creation. This is how things stand today.

At the beginning of the financial year the government presents estimates of education spending in the national budget which must be approved by parliament. Later on in the year these estimates are revised in the additional budget and again require parliamentary approval. What government actually ends up spending can also differ from the additional budget if budgets are underspent or if unauthorised spending takes place, that is to say spending over and above what parliament has approved for a vote, a main division, or a sub-division. Actual expenditure figures are presented in the reports of the Auditor General which usually appear two to three years after the end of the financial year. Actual expenditures are also included in the main budget document with a two-year lag. For a variety of reasons, expenditure estimates contained in the main budget or the additional budget can differ from actual outturns, often by significant amounts. In analysing expenditure patterns it is therefore important to examine both estimated expenditure and actual expenditure. The latest available data on actual expenditure is for the year 2000/01.

Map 1: Namibia’s educational regions



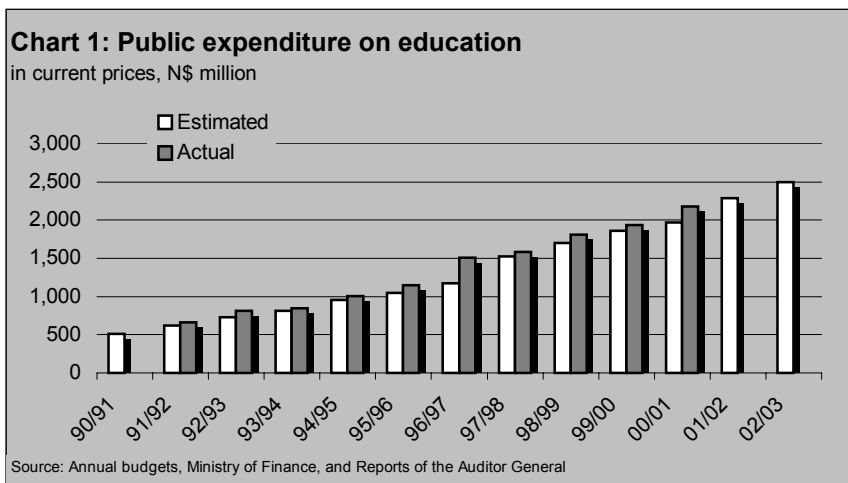
Namibia’s public education system is administered through seven educational regions. As shown in Map 1, each of the 13 political regions of Namibia forms part or all of one of the seven educational regions. Windhoek educational region includes the vastly different political regions of Otjozondjupa, Omaheke, and Khomas. Khorixas region includes the Kunene and Erongo political regions.

Public spending on education has risen almost fivefold since 1990...

Since 1991/92 the main budget document has contained a breakdown of total budgeted expenditure not only by vote and ministry but also by functional or economic classification. For the

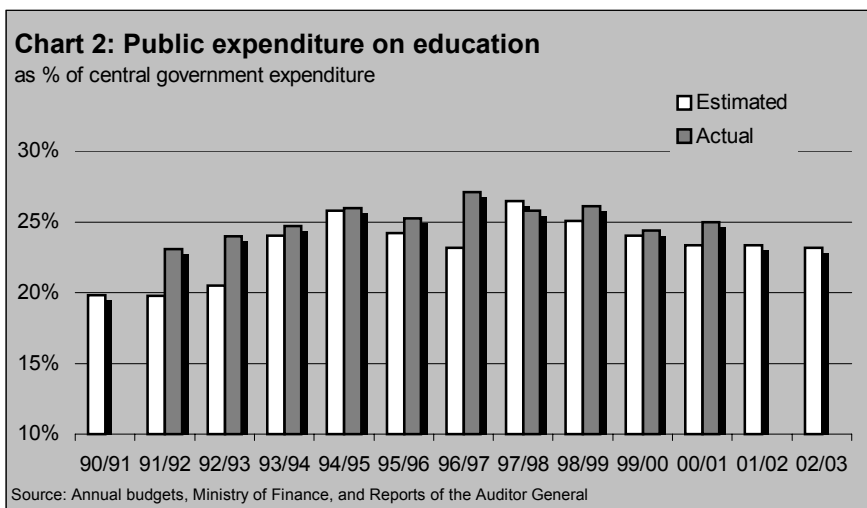


purposes of this paper, public expenditure on education is taken to be equal to the expenditure category Education Affairs and Services plus hostels. According to the budget document, Education Affairs and Services equals the combined expenditures by the Ministries of Basic Education, Sport and Culture and Higher Education, Training and Employment Creation (Votes 10 and 27) minus expenditures on Arts and Culture, Sport, Hostels, Youth Development, and Youth Training and Employment. Excluding expenditure on hostels, however, gives a distorted picture since this expenditure was previously included under the main divisions for primary and secondary education prior to the introduction of a separate main division for hostels (Main Division 11) under Vote 10 in 2001/02. In the 2002/03 budget, a total of N\$197.8 million is allocated to hostels, most of which is directed at secondary learners. This compares to the N\$447.8 million allocated to secondary education under Main Division 05.



The amount devoted in the main budget to Education Affairs and Services has risen nearly fivefold from N\$510.1 million in 1990/91 to N\$2,500.3 million in 2002/03. Actual spending exceeded main budget estimates every year from 1991/92 to 2000/01. Actual spending rose from N\$660.9 million in 1991/92 to N\$2,176.2 million in 2000/01. These increases are shown in Chart 1. The increase in budgeted expenditure

represents an average growth rate of 14.2% a year, well above the average annual rate of inflation between 1990 and 2001 of 10.0%. In other words, public spending on education was budgeted to rise on average 4.2% faster than the general level of prices as measured by the interim Windhoek Consumer Price Index.



As a share of total public spending, Chart 2 shows that budgeted expenditure rose after independence from just under 20% and has now stabilised at around 23% after reaching an all-time high of 26.5% in 1997/98. Actual spending as a proportion of total actual expenditure appears to have varied far less than estimated expenditure but peaked at 27.1% in 1996/97. These peaks in estimated and actual expenditure took place

as a direct result of the Wages and Salaries Commission (WASCOM) pay settlement for public servants which was implemented in 1996.



...and seems to have stabilised at around 9% of Gross Domestic Product.

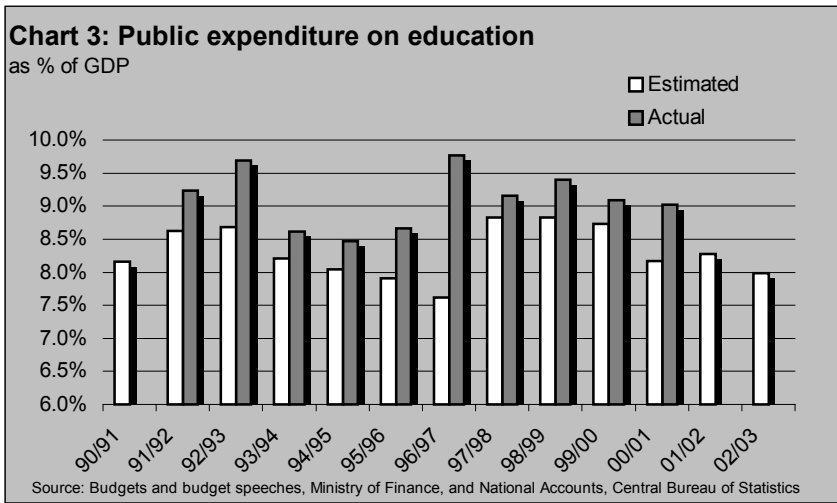


Chart 3 shows how estimated and actual spending has changed as a percentage of Gross Domestic Product (GDP), the usual measure for the size of the economy. Budgeted spending rose as a proportion of GDP for the first two years following independence but then fell until receiving a sudden boost in 1997/98. Since then it has steadily fallen again. Actual expenditure has been consistently higher than the estimates presented in the main

budget. For the last few years actual spending seems to have been sustained at just above 9% of GDP. The 2002/03 budget estimates that education spending will be around 8.0% of GDP, about where it was shortly after independence. However, given past trends, main budgets tend to be a poor indicator of what is likely to be spent. The additional budget invariably allocates more to education while actual expenditure generally ends up even higher. GDP estimates also tend to be subject to significant revisions for several years after the end of the year in question.

Namibia devotes significantly more public resources than most countries to education.

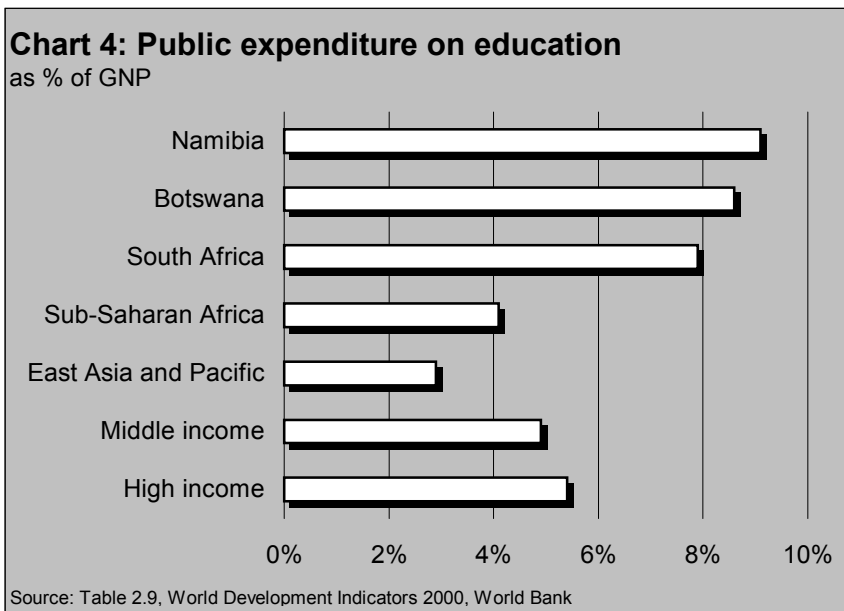


Chart 4 shows how public spending on education in Namibia compares to other countries using 1997 data from the World Bank (World Bank, 2001). Measured as a proportion of Gross National Product (GNP), Namibia spends more than any other country included in the World Bank's list including Botswana and South Africa. Namibia spends proportionately far more than the Sub-Saharan African average as well as the averages of other regions and income groups. This may be partly explained by the fact that Namibia has only been an

independent state for twelve years and may have faced a much larger backlog in demand for education and educational reform than other countries. The difficulty with such comparisons is that they do not give a true reflection of the total resources devoted to education since they exclude private expenditures. Some countries traditionally rely much more on publicly financed education systems (for example Scandinavian countries) than others (for example the US).



Tertiary and non-formal education have increased their shares of total spending but the share devoted to secondary education has fallen steadily.

The expenditure category Education Affairs and Services is broken down into five sub-categories in the main budget: Education Policy Formulation and General Administration, Pre-primary and Primary Education Affairs and Services, Secondary Education Affairs and Services, Tertiary Education Affairs and Services, and Non-formal Education Services. Table 1 shows this breakdown for all the main budgets since independence. Since expenditure on hostels is excluded from the numbers presented for the years 2001/02 and 2002/03, comparisons can only be made for the period 1990/91 to 2000/01. The table reveals that, while the shares of spending on administration and primary education have remained more or less steady, the share of resources devoted to tertiary education has undergone a steady long-term increase from 10% in 1990/91 to 15% in 2000/01 while non-formal education has doubled its share from 2% to 4% in the same period. These increased shares have been made possible due to the year-on-year decline in the share devoted to secondary education which received just 23% of total spending in 2000/01 compared to 31% in 1990/91. Indeed, while overall spending has risen by an average of 14.2% a year, spending on secondary education had risen by just 11.3% a year up to 2000/01. By contrast, spending on tertiary and non-formal education had risen by 19.2% and 22.5% a year respectively in the same period.

Table 1: Breakdown of education spending by economic classification*

	90/91	91/92	92/93	93/94	94/95	95/96	96/97	97/98	98/99	99/00	00/01	01/02	02/03
Admin	13%	18%	10%	9%	11%	10%	11%	10%	10%	9%	10%	10%	11%
Primary	44%	38%	50%	51%	47%	46%	45%	49%	48%	48%	48%	47%	50%
Secondary	31%	31%	30%	30%	29%	28%	26%	24%	23%	23%	23%	21%	19%
Tertiary	10%	11%	8%	8%	10%	12%	15%	14%	15%	15%	15%	17%	17%
Non-formal	2%	3%	2%	2%	3%	3%	3%	3%	4%	4%	4%	4%	4%

Source: Main budget documents

* rounding means percentages may not add up to 100%

Using enrolment data from the Ministry of Basic Education, Sport and Culture's Education Management Information System (EMIS), it is possible to calculate how much government spends per primary and secondary learner. Total primary enrolment in government and government-supported schools rose from 347,907 in 1992 to 387,408 in 2000. This represents an annual average rate of growth of 1.3% a year. Expenditure on primary education rose from N\$359.7 million in 1992/93 to N\$936.9 million in 2000/01. This implies average expenditure per primary learner rose from N\$1,034 in 1992 to N\$2,421 in 2000 or by an average of 11.2% a year. Expenditure per learner therefore appears to have risen slightly faster than the rate of inflation.

In the same period secondary enrolment rose from 83,711 to 123,057 an average annual increase of 4.9%, significantly higher than the rate of increase of primary enrolment. At the same time expenditure on secondary education grew from N\$218.0 million to N\$454.8 million. This implies that expenditure per learner has risen from N\$2,604 in 1992 to N\$3,696 in 2000 or only 4.5% a year. Whereas in 1992 average operational expenditure per secondary learner was more than two-and-a-half times greater than spending per primary learner, by 2000 this ratio had fallen to one-and-a-half times.

The relative decline in public resources to secondary education is of concern since it is likely to jeopardise the quality of the majority of learners who enter the labour force after completing Grade

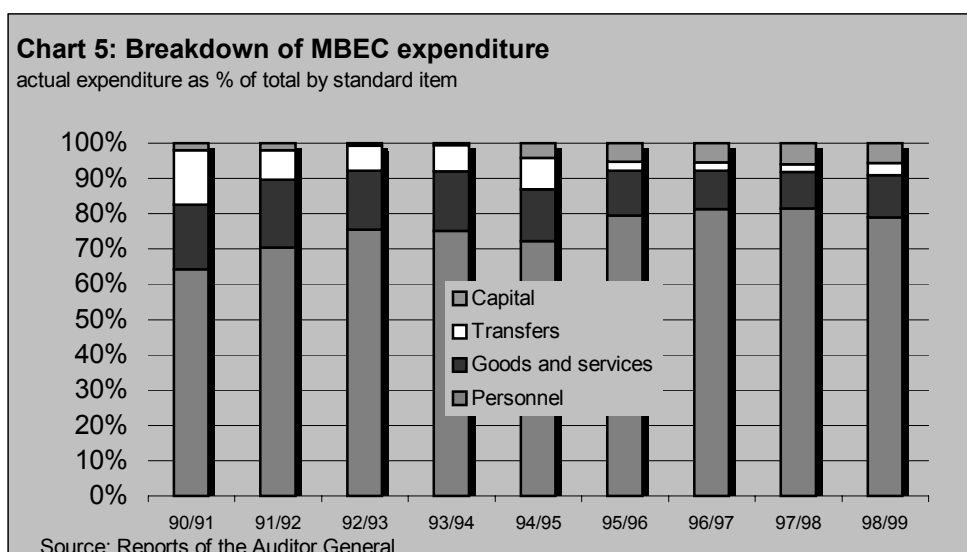


10 as well as the quality of those learners entering higher education. There is little point raising expenditure at the higher end of the education system if this is only to compensate for the fall in quality due to reduced expenditure at the lower end of the system.

Personnel spending takes the lion's share of public resources to education...

The main budget document also allows an examination of the balance of spending between current and capital items. Current spending receives by far the largest share of resources, receiving between 89% to 95% of total expenditure, while capital spending has amounted to between 11% and 5%. Between 1990/91 and 2001/02 budgeted capital spending on primary, secondary and tertiary education has averaged 2%, 3% and 2% of total budgeted expenditure respectively.

In such a labour intensive industry, current spending is likely to dominate since salaries are the most important component of total spending. However, given the backlog of physical infrastructure in certain parts of the country and the need to maintain existing infrastructure, the levels of capital spending appear low. This is unlikely to present the full picture since donors, businesses, NGOs and communities play an important part in providing additional resources to the school building and maintenance programme. Important contributions to the capital programme of the Ministry of Basic Education, Sport and Culture are financed by official Dutch and Swedish development assistance. However, since the exact magnitude of these commitments only become known after the main budget is presented to parliament, they are excluded from the main budget. They tend to appear in the additional budget later in the year.



Budget documents from the Ministry of Finance and the Reports of the Auditor General break expenditure on all votes down according to **standard items**. These consist of personnel expenditure, goods and other services, subsidies and other current transfers, and acquisition of capital assets. However, because this breakdown is presented only for the vote as a whole, it is difficult to

make an exact comparison of expenditure trends from 1990/91 to 2001/02 since several organisational changes were made in this period. Chart 5 shows the breakdown of actual expenditure by standard items for the main ministry of education from 1990/91 to 1998/99 taken from the Reports of the Auditor General. A full breakdown by standard item for each vote is not available from additional budget documents. The creation of the Ministry of Higher Education resulted in a dramatic reduction in subsidies and transfers under Vote 10 since transfers to the institutions of higher education were accommodated under Vote 27. It is therefore difficult to interpret the breakdown of expenditures prior to 1995/96.

In 1995/96 the proportion of expenditure allocated to personnel rose to 79% and remained at 81% for the following two years. This jump was a result of the implementation of the recommendations of the Wages and Salaries Commission (WASCOM). This had the effect of squeezing expenditure on goods and services, which includes school materials, to a post-independence low of 10% of actual expenditure. Since then expenditure on personnel has been allowed to fall while spending on goods and services has recovered. For the last four years, budgeted expenditures on subsidies and transfers (now mainly for hostels) and capital assets have remained at a constant 3-4% and 6-7% of total spending respectively. Spending on personnel has fallen to 75% and spending on goods and services has risen to 14%, partly as a result of the inclusion of electricity and water payments by the Ministry of Basic Education, Sport and Culture rather than by the Ministry of Works. For the reason mentioned above, significant increases in capital spending on primary schools have been introduced during each of the last four financial years in the additional budget.

Longer time series of comparable data are available for the more direct expenditures on primary and secondary education under Main Divisions 04 and 05 respectively of Vote 10. Actual expenditures from 1990/91 to 1999/00 are taken from the Reports of the Auditor General while later data is taken from budget and additional budget documents. Primary and secondary spending saw large increases in the proportion devoted to personnel after 1990 largely at the expense of goods and services. Within primary education the share of actual spending on personnel did not increase to any significant extent between 1994/95 and 1997/98. Within secondary education the share of actual spending on personnel jumped from 68% in 1994/95 to 75% in 1995/96. This suggests that the WASCOM pay deal had more of an impact on better qualified secondary school teachers than on primary school teachers. Both main divisions have now settled into a stable pattern. In primary education, spending on personnel makes up some 85-90% of total spending. In secondary education, spending on personnel has been far more variable but has risen from a low of 52% in 1991/92 to a budgeted 87% in 2002/03, the highest since Independence. The most recent figure will decline if, as is likely, more capital spending is incorporated into the additional budget later this year.

...and both ministries of education now regularly overspend.

During the years 1990/91 to 1994/95, actual spending by the main ministry of education was less than that authorised by Parliament with the single exception of 1993/94. Since 1995/96 the Ministry of Basic Education, Sport and Culture has consistently spent more than it was authorised to spend by Parliament. This overspending can be attributed entirely to Main Divisions 04 and 05, Primary and Secondary Education respectively. Overspending reached 6% of total budgeted expenditure in 1996/97, which was a particularly lax year generally as documented elsewhere (IPPR Briefing Paper No. 4). This was the year of the WASCOM pay settlement which has already been mentioned. Overspending now appears to have settled at a constant 3% above total authorised expenditure. The patterns of over and underspending reflect general trends in the budget as a whole whereby overspending on personnel regularly outweighs underspending on capital assets. It suggests that, for some reason, primary and secondary expenditures are proving particularly hard to plan.

The Ministry of Higher Education has exhibited a similar pattern. Underspending was the order of the day during its first four years of existence. However, in 1999/2000, the last year for which actual expenditure data is available, the Ministry overspent by 3% of its authorised budget.

Expenditure per primary learner has become more equal across regions...

Each year the Ministry of Basic Education, Sport and Culture publishes its own budget document to complement the main budget document produced by the Ministry of Finance. It presents a more detailed breakdown of the Ministry of Basic Education's own expenditure than that provided by the Ministry of Finance. By combining this more detailed budget information with enrolment data for government and government-supported schools from the EMIS, it is possible to calculate the budgeted operational expenditure per student in each of the seven education regions. It is worth emphasising that this calculation involves operational expenditure and excludes development expenditure. It is also based on main budget estimates of expenditure rather than actual expenditures which, as shown above, often differ greatly.

Table 2: Operational expenditure per primary school learner by region (N\$ per learner)

	92/93	93/94	94/95	95/96	96/97	97/98	98/99	99/00	00/01
<i>Katima</i>	777	991	844	972	1,106	1,632	2,888	3,540	2,367
<i>Rundu</i>	712	785	800	983	1,125	1,591	1,537	1,476	1,892
<i>Ondangwa East</i>	527	326	672	1,229	915	1,325	1,415	1,673	1,822
<i>Ondangwa West</i>	527	326	795	987	1,087	1,667	1,812	1,991	1,958
<i>Khorixas</i>	1,539	1,611	1,753	2,144	1,871	2,197	2,631	3,073	3,076
<i>Windhoek</i>	1,597	1,811	1,894	2,309	1,124	3,008	2,912	3,363	3,469
<i>Keetmanshoop</i>	1,417	1,454	1,688	1,906	5,046	2,414	2,527	2,937	2,895
<i>Average</i>	846	980	1,053	1,387	1,363	1,861	2,021	2,263	2,319

Source: Education Management Information System (EMIS) and Estimates of Revenue and Expenditure 1992/93 – 2000/01, Ministry of Basic Education, Sport and Culture.

Table 3: Index of operational expenditure per primary school learner by region (region with the lowest allocation per learner in each year = 100)

	92/93	93/94	94/95	95/96	96/97	97/98	98/99	99/00	00/01
<i>Katima</i>	147	304	125	100	121	123	204	240	130
<i>Rundu</i>	135	241	119	101	123	120	109	100	104
<i>Ondangwa East</i>	100	100	100	126	100	100	100	113	100
<i>Ondangwa West</i>	100	100	118	102	119	126	128	135	107
<i>Khorixas</i>	292	495	261	221	204	166	186	208	169
<i>Windhoek</i>	303	556	282	238	123	227	206	228	190
<i>Keetmanshoop</i>	269	447	251	196	551	182	179	199	159
<i>Average</i>	161	301	157	143	149	140	143	153	127

Source: Education Management Information System (EMIS) and Estimates of Revenue and Expenditure 1992/93 – 2000/01, Ministry of Basic Education, Sport and Culture.

In primary education, expenditure per learner has historically varied enormously from region to region. In 1992/93, for example, expenditure per learner in the Ondangwa region as a whole was N\$527 compared to N\$1,597 in the Windhoek region. In other words, spending per learner in the Windhoek region was more than three times spending per learner in the Ondangwa region. Tables 2 and 3 show how inequalities in expenditure per primary learner have varied between 1992 and 2000. If the per learner allocation in the region receiving the lowest allocation per learner is indexed at 100 then all other regions can be measured against this as numbers larger than 100 for each of the years between 1992 and 2000. An analysis of inequalities between regions shows that, on this measure, inequalities in primary education have declined over the decade. For example, whereas in 1992 the region receiving most resources per learner (Windhoek) was



allocated more than three times that of the region receiving least (Ondangwa), in 2000 Windhoek received less than twice as much per learner as Ondangwa East. Ondangwa East and West remain the regions receiving the least resources per learner while Khorixas, Windhoek and Keetmanshoop still receive the most. It is also interesting to observe that inequalities have not always declined smoothly. No satisfactory explanation has yet been found to explain this.

...while inequality in secondary education has increased across regions.

In secondary education the picture is rather different. While the allocation per learner was more than three to one in 1992/93, by 2000/01 it had risen to more than four to one. Again Ondangwa East and West receive the least resources per learner while Katima, Khorixas and Keetmanshoop receive the most. As in primary education, inequalities have not changed smoothly year-on-year but have often changed in rather an abrupt way.

Table 4: Operational expenditure per secondary school learner by region (N\$)

	92/93	93/94	94/95	95/96	96/97	97/98	98/99	99/00	00/01
<i>Katima</i>	1,566	1,729	2,200	2,989	3,670	4,771	6,728	7,620	6,903
<i>Rundu</i>	2,731	2,573	2,402	2,519	2,427	2,292	2,294	2,539	3,109
<i>Ondangwa East</i>	1,332	571	1,279	1,404	1,314	1,679	1,864	1,658	1,661
<i>Ondangwa West</i>	1,332	571	1,270	1,633	1,372	1,534	1,603	1,741	1,807
<i>Khorixas</i>	2,978	3,458	3,043	3,879	4,369	4,722	4,915	5,634	5,964
<i>Windhoek</i>	3,206	3,314	3,753	4,221	2,899	4,646	4,471	4,386	4,602
<i>Keetmanshoop</i>	4,020	4,877	4,399	5,846	7,762	6,819	6,845	7,443	6,933
<i>Average</i>	2,150	2,212	2,302	2,804	2,697	3,210	3,427	3,479	3,479

Source: Education Management Information System (EMIS) and Estimates of Revenue and Expenditure 1992/93 – 2000/01, Ministry of Basic Education, Culture and Sport.

Table 5: Index of operational expenditure per secondary school learner by region (region with the lowest allocation per learner in each year = 100)

	92/93	93/94	94/95	95/96	96/97	97/98	98/99	99/00	00/01
<i>Katima</i>	118	303	173	213	279	311	420	460	416
<i>Rundu</i>	205	451	189	179	185	149	143	153	187
<i>Ondangwa East</i>	100	100	101	100	100	109	116	100	100
<i>Ondangwa West</i>	100	100	100	116	104	100	100	105	109
<i>Khorixas</i>	224	606	240	276	333	308	307	340	359
<i>Windhoek</i>	241	580	295	301	221	303	279	264	277
<i>Keetmanshoop</i>	302	854	346	417	591	445	427	449	417
<i>Average</i>	161	387	181	200	205	209	214	210	209

Source: Education Management Information System (EMIS) and Estimates of Revenue and Expenditure 1992/93 – 2000/01, Ministry of Basic Education, Sport and Culture.

Operational expenditure per student depends primarily on the qualification of the teachers (since teachers' salaries improve significantly with qualifications) and the ratio of teachers to learners. Better qualified teachers in smaller classes will skew operational expenditure per learner upwards. Looking at the pattern of operational expenditures per learner across the regions is one way of assessing the degree to which government has succeeded in achieving a better spread of qualified teachers and more equal class sizes across the country. Clearly government has had more success in reducing inequalities in primary than secondary education.



Public subsidies to tertiary education have levelled off.

Budgeted expenditure on tertiary education rose more than seven-fold between 1990/91 and 2002/03 at an average rate of growth of 18.3%, far greater than the growth of expenditure on primary or secondary education. Tertiary education includes teacher training and vocational training but the University of Namibia (UNAM) and the Polytechnic of Namibia together account for almost half of all spending on tertiary education.

Since UNAM and the Polytechnic are funded largely by transfers from central government, there is little useful information in the national budget document on the two institutions. Instead the best sources of information are these institutions' own annual reports, although they contain little more than the basic income and expenditure statement on the financial side of their operations.

Table 6: Public spending on the University of Namibia

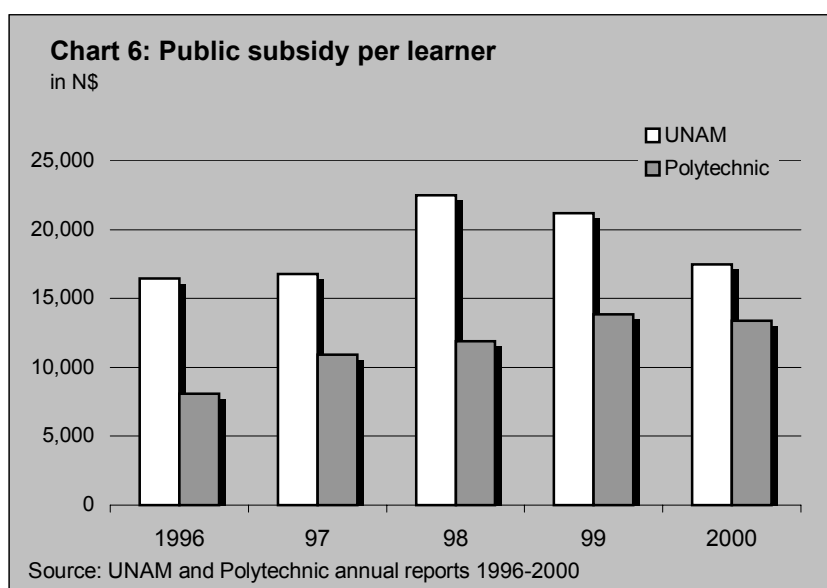
	1996	1997	1998	1999	2000
Enrolment	3,560	3,602	3,697	4,096	5,396
Subsidy (N\$m)	55.00	60.50	83.20	86.87	94.17
Subsidy per student (N\$)	15,449	16,796	22,505	21,209	17,452

Source: University of Namibia annual reports 1996-2000

Table 7: Public spending on the Polytechnic of Namibia

	1996	1997	1998	1999	2000
Enrolment	3,345	3,229	3,498	3,414	3,827
Subsidy (N\$m)	27.00	35.20	41.65	47.25	51.22
Subsidy per student (N\$)	8,072	10,901	11,907	13,840	13,384

Source: Polytechnic of Namibia annual reports 1996-2000



Tables 6 and 7 show how spending on Namibia's two largest institutions of higher education, the UNAM and the Polytechnic of Namibia, has changed since 1996. All data is taken from the annual reports of the respective institutions since enrolment data from UNAM and the Polytechnic is no longer included in EMIS. In the past discrepancies have existed between enrolment data presented in EMIS and data presented in the annual reports. Chart 6 shows that the average public subsidy per student for both institutions have risen since

1996 but are now falling. The chart also shows how the average public subsidies per student of the two institutions are converging. Learners at both institutions enjoy an average public subsidy

well in excess of the country's average income as measured by GDP per capita. In 2000 Namibia's GDP per capita was N\$12,494 per person.

Average public subsidies per learner between institutions mask far greater differences within them since the cost of training graduates differs according to subject. However, the level of public subsidy per learner can only really be justified in comparison with the level of public and private benefits derived. Thus, although the unit cost of educating a graduate in one subject may be lower than in another subject, the benefits may outweigh the costs to a far greater extent in the other subject. It is this comparison between costs and benefits that economists argue is critical and should guide spending decisions. Unfortunately, because the benefit side of education is generally harder to measure than the cost side, this cost-benefit approach is often not adopted.

Table 7: Revenue and expenditure of the University of Namibia

	1996	1997	1998	1999	2000
Income (N\$m)					
Government subsidy	55.0	60.5	83.2	86.9	94.2
Tuition fees	10.1	9.3	11.0	12.6	15.6
Hostel fees	4.4	5.0	5.9	4.1	5.4
Other income	1.5	3.5	5.6	4.6	5.1
Total	70.9	78.4	105.7	108.2	120.3
Income (% of total)					
Government subsidy	78%	77%	79%	80%	78%
Tuition fees	14%	12%	10%	12%	13%
Hostel fees	6%	6%	6%	4%	4%
Other income	2%	5%	5%	4%	4%
Total	100%	100%	100%	100%	100%
Expenditure (N\$m)					
Personnel	47.8	57.9	86.0	96.8	91.1
Administration and Other	19.7	27.6	36.5	38.0	37.3
Total	67.5	85.6	122.5	134.8	128.4
Expenditure (% of total)					
Personnel	71%	68%	70%	72%	71%
Administration and Other	29%	32%	30%	28%	29%
Total	100%	100%	100%	100%	100%
Surplus (+) / Deficit (-)	+3.4	-7.2	-16.8	-26.6	-8.1

Source: University of Namibia annual reports 1996-2000

It is interesting to compare the financial performance of the UNAM and the Polytechnic of Namibia. Both rely heavily on transfers from central government and raise similar proportions of income from tuition and hostel fees. The government subsidy contributes a significantly smaller proportion of total income for the Polytechnic than UNAM and its importance has declined year-on-year since 1996. Neither institution has yet managed to raise a significant proportion of revenue from sources other than tuition and hostel fees and, for the Polytechnic, interest earnings. On the spending side, the Polytechnic appears to be approaching UNAM in the proportion of resources it devotes to personnel assuming both institutions use the same categorisations. UNAM has run a deficit since 1997 while the Polytechnic regularly runs a surplus. Whether this is down to mismanagement or other factors requires further investigation.



Table 8: Revenue and expenditure of the Polytechnic of Namibia

	1996	1997	1998	1999	2000
Income (N\$m)					
Government subsidy	27.00	35.20	41.65	47.25	51.22
Tuition fees	3.14	5.94	6.69	7.85	9.76
Hostel fees	2.27	2.20	2.58	2.91	3.77
Interest received	1.21	2.76	4.24	5.42	5.32
Rent received	0.00	0.00	0.00	0.00	1.72
Other income	1.83	1.48	2.42	4.07	2.48
Total	35.45	47.57	57.58	67.50	74.26
Income (% of total)					
Government subsidy	76%	74%	72%	70%	69%
Tuition fees	9%	12%	12%	12%	13%
Hostel fees	6%	5%	4%	4%	5%
Interest received	3%	6%	7%	8%	7%
Rent received	0%	0%	0%	0%	2%
Other income	5%	3%	4%	6%	3%
Total	100%	100%	100%	100%	100%
Expenditure (N\$m)					
Personnel	16.52	21.44	30.44	33.67	41.90
Administration and Other	8.51	11.03	13.88	14.65	15.56
Depreciation	2.89	2.70	4.14	5.58	4.87
Delink subsidy	0.00	2.39	0.00	0.00	0.00
Total	27.93	37.57	48.46	53.90	62.33
Expenditure (% of total)					
Personnel	59%	57%	63%	62%	67%
Administration and Other	30%	29%	29%	27%	25%
Depreciation	10%	7%	9%	10%	8%
Delink subsidy	0%	6%	0%	0%	0%
Total	100%	100%	100%	100%	100%
Surplus (+) / Deficit (-)	7.52	10.01	9.11	13.59	11.94

Source: Polytechnic of Namibia annual reports 1996-2000

If those are the costs, what are the benefits?

This short paper has examined trends in public spending on education. It has emphasised that the analysis of spending patterns is complicated by the fact that actual spending differs greatly from the spending estimates presented at the beginning of the financial year in the national budget due to a combination of additional spending and overspending.

That said several conclusions can probably be drawn. The first is that Namibia has succeeded in sustaining a high level of public expenditure on education. Recent budgets, however, suggest education spending has reached its limits and is likely to fall somewhat from its peaks in the mid-1990s. Expenditure on primary education has been sustained and appears to be distributed more equally across the country. Expenditure on tertiary and non-formal education has been prioritised. Secondary education appears to have been the unambiguous loser from these trends although it is not possible to say from the expenditure numbers alone whether this is a good or a bad thing since secondary education may previously have been over-resourced. It is interesting to speculate



on the reasons for these changes. The greater priority placed on tertiary and non-formal education can probably be linked to the fact that these were new educational services which did not exist to any great extent at independence. Primary education is prioritised by the constitution and receives considerable additional support from agencies outside government. Institutions of higher education are located in the capital city and run by politically powerful figures. Secondary education on the other hand has no such champions and may suffer as a result.

This paper has looked exclusively at the input side of the education equation and asked the question “how much are we spending and on what?” At best only partial answers have been found since important additional resources have been ignored. The IPPR will attempt to present a more comprehensive picture of spending in future work on the education sector. However, no assessment has been made on the whether all this expenditure yields real benefits to individuals and the country as a whole. The next step the IPPR must take is to ask the question “what are we getting out for what we are putting in?” Answering this question would involve a fuller economic cost-benefit analysis of total expenditure. This would require trying to measure the full range of educational benefits to individuals and the economy and would allow a better perspective to be gained on whether the right balance has been struck between expenditures on primary, secondary and tertiary education. This would also help guide policy on the private contributions individuals should be expected to make to their educations. Such an assessment will be yet more critical if public resources to education start to decline.

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