

IN THE THIRD SESSION OF THE EIGHTH PARLIAMENT
OF THE FOURTH REPUBLIC OF GHANA

REPORT OF THE COMMITTEE OF THE WHOLE

ON THE

PARLIAMENT OF GHANA LIBRARY
PARLIAMENT HOUSE
OSU - ACCRA

PROPOSED FORMULA FOR THE DISTRIBUTION OF THE
GHANA EDUCATION TRUST FUND FOR THE YEAR 2023

REPORT OF THE COMMITTEE OF THE WHOLE ON THE PROPOSED
FORMULA FOR THE DISTRIBUTION OF THE GHANA EDUCATION
TRUST FUND (GETFUND) FOR THE YEAR 2023

1.0 INTRODUCTION

Pursuant to 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 the year 2023 was presented to Parliament on Friday, 17th March, 2023 by the Majority Leader and Minister for Parliamentary Affairs, Hon. Osei Kyei-Mensah-Bonsu.

The Proposed Formula was subsequently referred to the Committee of the Whole for consideration and report.

The Committee met on Wednesday, 14th June, 2023 and considered the referral.

The Committee expresses its appreciation to the Hon. Minister for Education, Dr. Yaw Osei Adutwum, the Administrator of the Fund, Dr. Richard Boadu and officials of the GETFund for attending upon the Committee.

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. Earmarked Funds Capping and Realignment Act, 2017 (Act 947);
- iv. The Ghana Education Trust Fund (Amendment) Act, 2018 (Act 972);
- v. The Proposed Formula for the Distribution of the GETFund for the year 2022;

- vi. The Proposed Formula for the Distribution of the GETFund for the year 2023;

3.0 BACKGROUND

Section 8(2) of Act 581 provides that:

(1) “There shall be established by the Board within the Fund accounts in respect of the following:

- a. Tertiary Education
- b. Second-cycle Education
- c. Basic Education
- d. Investment
- e. Other related aspects of education such as distance education, school and public libraries and special education.

(2) The Board shall submit annually to Parliament for approval a formula for the distribution of monies to the various accounts under subsection (1) to design and submit proposals allocating Funds to the Sub-Sectors, Agencies and Institutions within the Public Education Sector through the mechanism of a Distribution Formula for consideration and approval by Parliament.

The Law further stipulates that some crucial factors related to Education delivery and development are taken into account in the process of preparing this Formula. These relevant factors are:

- promotion of the study of Mathematics, Science and Technology;
- advancement of female education;
- reduction in the high level of illiteracy in historically disadvantaged areas;
- promotion of Computer, Vocational/Technical Education and Training;
- equitable allocation of Funds to the Districts at the Pre-Tertiary level of education.

All of these Sub-Sectors, together with the related critical factors received consideration and attention in the process of designing this Formula.

In this regard therefore, the structure of spending has been calibrated to support and achieve the following:

- expansion of access;
- improvement of quality; and
- closing of those 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.

Funding allocations are made based on the Government’s Annual Budget Statement and Economic Policy approved by Parliament for each fiscal year. This allocation is made in accordance with the GETFund Act 2000, Act 581 as amended by Act 972, and the Earmarked Funds Capping and Realignment Act 2017, Act 947.

4.0 PERFORMANCE FOR 2022

4.1 Allocation for 2022

The Committee was informed that for the 2022 fiscal year, a total amount of Two Billion, Six Hundred Million, Eight Hundred and Two Thousand, Two Hundred and Seventy-Five Ghana Cedis (GH¢2,600,802,275) was allocated to the GETFund for the following programme of activities

Table 1: Activity allocation for 2022

	Item	Amount (GH¢'000)
1	Debt Services	1,017,743
2	Shortfall recovery	23,724
3	Tertiary Education	546,000
4	Second Cycle Education	496,592
5	Basic Education	325,800
6	Others	151,069
7	Members of Parliament	39,875
	TOTAL	2,600, 802

Out of this amount approved by Parliament, the actual amount released (accrued) was One Billion, Nine Hundred and Eighty-One Million, One Hundred and Twelve Thousand Ghana Cedis (GH¢1,981,112,000) giving a shortfall of Six Hundred and Nineteen Million, Six Hundred and Ninety Thousand Ghana Cedis (GH¢619,690,000).

4.2 Revenues for 2022

The Committee observed that the Funds has two main sources of revenue. These are:

- i. Budgetary Allocation for the year; and
- ii. Proceeds from Daakye Bond

During the year under review, a total amount of One Billion, One Hundred Million Ghana Cedis (GH¢1,100,000,000) was projected to accrue from the Daakye Bond. However, GH¢914 million was realised. Thus total inflows for the year 2022 amounted to GH¢2,728 billion. This is made up of:

- i. Amount received from budgetary allocation GH¢1,814,476,383.30
- ii. Amount received from Daakye Bond Proceeds GH¢913,663,971.70

4.3 Programmes and projects undertaken in 2022

For the year 2022, GETFUND undertook a number of projects. Some of the projects and programmes which are at various stages of completion include:

- Construction and completion of academic facilities in the various public tertiary institutions;
- Construction and rehabilitation of Dormitories, Classrooms, Dining Halls and other facilities at various Senior High Schools;
- Supply of classroom furniture as well as beds and mattresses to various schools;
- Sponsorship of students to pursue various programmes both locally and abroad.

4.4 Scholarships

For the year 2022 the following scholarships were awarded to eligible applicants to pursue their studies in various institutions locally. No scholarships were awarded for

students to study abroad due to budgetary constraints. Table 2 shows the Scholarships awarded in 2022

Table 2: Scholarships Awarded in 2022

Programme Category	Local	Foreign	Total
Doctorate	239		239
Masters	1,262		1,262
Undergraduate	1,337		1,337
Others	105		105
Total	2,704		2,704

5.0 ALLOCATION FOR 2023

For the fiscal year 2023, an amount of One Billion, Eight Hundred and Sixty-Nine Million, Five Hundred and Sixty-Three Thousand, Two Hundred and Eighty-One Ghana Cedis (GH¢1,869,563,281) was allocated to the Fund, a reduction of over 28% compared to that of 2022.

5.1 SUB-SECTORAL ALLOCATION

5.1.1 Tertiary

For the period under review, tertiary Sub-Sector has been allocated 7.84% (GH¢170 million) of total expected inflow from the National Budget for 2023 to support a range of activities and interventions.

5.1.2 Secondary Education

For year 2023, this Sub-Sector has also been allocated 28.44% (GH¢617 million) of total spending from the budget.

5.1.3 Basic Education

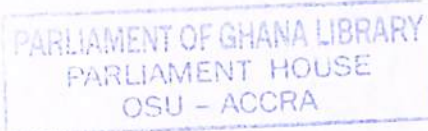
A total allocation of GH¢88.5 million (4.08%) has been made for Funding various projects and programs in Basic Education mostly for the procurement of Basic Education textbooks.

5.1.4 Others

A total of GH¢97.54 million (4.5%) has also been allocated to the Ministry of Education and Institutions and Agencies within the Education Sector. This includes allocations for the GETFund operations, Youth Employment Agency, and the Scholarship Secretariat.

5.1.5 MP's Emergency Projects and Monitoring

It is proposed that members of Parliament will receive support from the Fund to enable them undertake projects in their constituencies and, also, monitor projects in their various constituencies. For this year, an amount of Thirty-One Million, Six Hundred and Twenty-Five Thousand Ghana Cedis (GH¢31,625,000) representing 1.46% of total spending has been allocated for that purpose.



6.0 OBSERVATIONS

6.1 ABANDONED PROJECTS

The Committee observed that in 2022, the Fund put in place a three-year project aimed at completing all of its abandoned projects. As at 31st December, 2022, a total of 2,405 projects had been completed during the period under review. These projects were financed mainly from the disbursements of the bond proceeds and the enhanced monitoring activities undertaken. Details of the completed projects are detailed in Table 3 below:

Table 3: Completed Projects as at 31st December 2022

SUB SECTOR	PRE 2017	2017 TO DATE	TOTAL
Tertiary	159	0	159
Second Cycle	535	519	1,054
E-Blocks	22	14	36
Model Schools	-	2	2
TVET Centres	-	2	2
Basic	729	423	1,152
Total	1,344	913	2,405

The Committee commended the Fund and urged it to take steps to complete all outstanding projects.

6.2 CURRENT STATUS OF THE FUND'S BONDS AFTER THE DDEP

The Committee was informed that out of a total amount of GH¢2,622,531,961.00 being the total bonds in the Register, a total amount of GH¢1,358,016,281.00 has been exchanged leaving a total outstanding bonds of GH¢1,264,515,680.00

The Fund informed the Committee that the remaining bonds outstanding are expected to be exchanged within the shortest possible time.

The Committee was however informed that the ambitious goal of completing abandoned projects therefore cannot be achieved within the three-year time frame. Cost escalation as a result of rapid increase in prices due to the depreciation of the Cedi against the major foreign currencies coupled with high interest rates continue to impact negatively on project costs. The Board will however, continue to allocate Funds towards completion of these projects.

6.3 PENDING COMMITTED PROJECTS

The Committee was informed that the Fund has a total amount of GH¢619,690, 000 being the sum required for pending projects to which contract was either awarded or

committed. Marked and attached as Appendix 1 is the breakdown of the 2022 pending Commitments.

The Fund informed the Committee that insufficient Funding is adversely affecting its efforts to complete its programmes and projects across the country. The Fund therefore requested Parliament to urge the Ministry of Finance to make more resources available to the Fund to complete its programs and projects.

6.4 DEBT SERVICE ACCOUNT

The Committee observed that a total amount of GH¢545,202,000 was allocated for the servicing of the Daakye Bonds issued by the Fund for 2023.

The Committee noted that as part of the Debt Restructuring Programme as agreed with the IMF, the Daakye Bonds has now been classified as a public debt and now forms part of the Government of Ghana debts. As a result, the GETFUND is no longer responsible for the service of the debt and therefore ought not to be a part of activities for the Fund for 2023.

6.5 NO ALLOCATION TO KEY PROGRAMMES OF THE FUND

The Committee observed that there were no allocations made to a number of programmes and activities of the Fund for the year 2023. Projects such as completion of tertiary on-going projects, completion of SHS on-going projects, new SHS targeted and emergency projects, completion of Community Day SHS, rehabilitation of dilapidated structures, among others had no allocation.

The Committee raised concern about the lack of allocation to these programmes and projects and urged the Fund as a matter of urgency to make the necessary allocation for them.

6.6 RECOVERY OF SHORTFALL FOR 2022

The Committee observed that under the proposed distribution formula, a total amount of GH¢619,690,000.00 has been earmarked as Recovery of 2022 shortfall.

The Fund explained that this amount is in respect of 2022 arrears, which when released, would be used to clear all outstanding commitments.

6.7 DIGITILISATION OF TEACHING AND LEARNING SYSTEMS

The Committee observed that a total amount of GH¢550 million was provided under the distribution formula for 2023 for the digitalisation of teaching and learning systems for SHS and TVET students.

The Fund informed the Committee that this entails the provision of tablets fully loaded with all recommended e-textbooks, the full syllabus, past questions and examiner reports as well as other teaching aids. The goal of the programme is intention to reduce the cost of procuring textbooks and to prepare students for the ICT driven world. The tablets are cloud based making it easy for updates to be effected and come with solar packs to enable easy charging irrespective of location.

6.8 ALLOCATION TO MEMBERS OF PARLIAMENT FOR MONITORING AND EMERGENCY PROJECTS

The Committee observed that a total amount of GH¢31,625,000.00 was allocated to Members of Parliament for Monitoring and Emergency projects.

The Committee further observed that this amount is woefully inadequate as it even falls short of the allocation for 2022 which amounted to GH¢39,875,000.00.

The Committee urged the Fund to make more allocation to the Members of Parliament to enable them effectively undertake the Monitoring and Emergency projects

6.8 FUNDING GAP

The Committee observed that for the year 2023, a total amount of GH¢1,869,563,000 was allocated to the Fund in the 2023 Budget Statement presented to the House and approved by Parliament. The Committee further noted that the total cost of the

programmes and activities contained in the proposed distribution formula amounts to GH¢2,169,563,000, leaving a short fall of GH¢300,000,000.00

The Fund informed the Committee that it engaged the Ministry of Finance over the issue and that the Fund has been assured that an amount of GH¢300,000,000.00 would be provided to the Fund to meet the gap.

7.0 RECOMMENDATION

After carefully considering the Proposed Distribution Formula for the 2022 fiscal year, the Committee recommends that the allocation provided for the Debt Service Account amounting to GH¢545,202,000.00 be taken out as same has already been included in the public debt of the country under the Debt Restructuring Programme.

The Committee with the Fund has accordingly revised the Distribution Formula for the year 2023. Attached as Appendix 2 is a copy of the revised Distribution Formula for the year 2023.

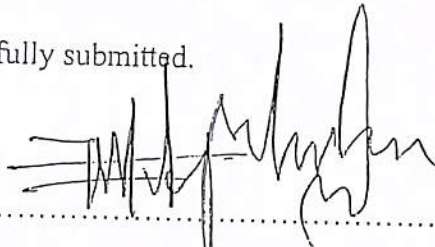
8.0 CONCLUSION

The Committee, having carefully examined the Distributed Formula of expected inflows into the Fund for 2023, notes that the formula takes into account the promotion of TVETs, completion of SHS projects, provision of basic schools, promotion of computer studies and technical education, among others.

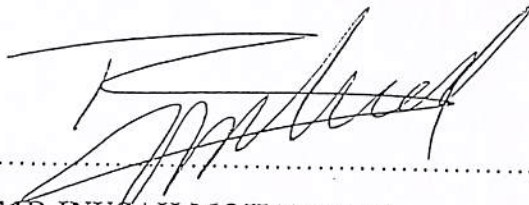
The Committee accordingly recommends to the House to adopt its Report and approve the Proposed Formula for the Distribution of the Ghana Education Trust Fund (GETFUND) for 2023 in respect of the amount of GH¢1,869,563,000.00 as amended.

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Respectfully submitted.



HON. ANDREW ASIAMAHA AMOAKO
(SECOND DEPUTY SPEAKER AND CHAIRMAN, COMMITTEE OF THE
WHOLE)



MR INUSAH MOHAMMED
CLERK TO THE COMMITTEE

Appendix 1

APPENDIX I(i) BREAKDOWN OF 2022 SHORTFALL 2022 (PENDING COMMITMENT)

PARLIAMENT OF GHANA LIBRARY
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SUB-SECTORS	2022 Allocation (GH¢' 000)	UTILIZED IN 2022 (GH¢' 000)	REQUIRED IN 2023 (COMMITMENT) (GH¢' 000)	
TERTIARY EDUCATION				
Completion of Tertiary On going Projects	180,000	91,276	88,724	Committed
Academic Facilities & Infrastructure - Priority/New	80,000	-	80,000	Contract Awarded
Upgrade of TVET Workshops - Technical Universities	100,000	-	100,000	Contract Awarded
Scholarships	100,000	82,000	18,000	Committed
Students Loan Trust	50,000	25,000	25,000	Committed
Faculty Development & Research	12,000		12,000	Committed
Special Interventions	23,000		23,000	Contract Awarded
Sub-total	545,000		346,724	
SECOND CYCLE EDUCATION				
Completion of Community Day SHS	46,588	11,697.00	34,890.50	34,890.50
New SHS Targeted & Emergency Projects,	60,000	-	60,000	Contracts awarded
Boreholes for SHS	2,500	-	2,500	
Sub-total			97,391	
BASIC EDUCATION				
Completion of SHS Ongoing Projects	80,000	19,800	60,200	Committed
New Basic School Projects	50,000	-	50,000	Contracts awarded
Construction of KG Classrooms	20,000	-	20,000	Contracts awarded
Water and sanitation for Schools (Boreholes & Toilets)	1,000	-	1,000	
Sub-total	151,000		131,200	
OTHERS				
MOE and Subvented Agencies	30,000	14,700	15,300	Committed
Youth Employment Agency	32,000	8,000	24,000	Committed
Sub-total	62,000		39,300	
Members of Parliament	39,875	34,800	5,075	Committed
GRAND TOTAL			619,690	

APPENDIX 2

DISTRIBUTION FORMULA - GETFUND 2023

	2023		2022	
	(GH¢' 000)	%	(GH¢' 000)	%
Revenue Allocation from MOF	1,869,563		2,600,802	
SUB-SECTOR ALLOCATION				
LONG TERM LOAN FACILITY				
Debt Service Account		-	1,017,743	39.13
	-	-	1,017,743	39.13
SHORTFALL RECOVERY				
Recovery of 2022 shortfall	619,690	28.56	18,920	0.73
Recovery of Discount on MOF Release Through Bond	-		4,804	0.18
	619,690	28.56	23,724	0.91
TERTIARY EDUCATION				
Completion of Tertiary On going Projects		-	180,000	6.92
Academic Facilities & Infrastructure - Priority/New	45,000	2.07	80,000	3.08
Upgrade of TVET Workshops - Technical Universities	-	-	100,000	3.84
Scholarships	75,000	3.46	100,000	3.84
Students Loan Trust	15,000	0.69	50,000	1.92
Faculty Development & Research	10,000	0.46	12,000	0.46
Innovation Fund		-	1,000	0.04
Special Interventions - 46 Hostels in Colleges of Education	20,000	0.92		
Special Interventions - 5 Hostels /SPI	15,000	0.69	23,000	0.88
Sub-total	180,000	8.30	546,000	20.99
SECOND CYCLE EDUCATION				
Completion of SHS On going Projects	15,000	0.69	100,000	3.84
New SHS Targeted & Emergency Projects,	50,000	2.30	60,000	2.31
Completion of Community Day SHS	-	-	46,588	1.79
Rehabilitation of Dilapidated Structures	20,000	0.92	10,000	0.38
Model Schools		-		
SHS Laboratory Equipment	30,000	1.38		
Motor Vehicles - Exchange Difference	5,000	0.23		
TVET Centres	25,002	1.15		
Furniture for SHS Other Structures	27,000	1.24	50,000	1.92
Furniture for SHS - Model Schools		-	25,000	0.96
Fencing of SHS		-	10,004	0.39
Boheholes for SHS		-	2,500	0.10
Science Technology Engineering & Mathematics (STEM)/AIMS/IEPA		-	2,500	0.10
Laptops for Teachers		-	90,000	3.46
Special SHS/TVET Digitalisation(Innovation) Programme	740,000	34.11	100,000	3.84
Second Cycle Contingencies	-		-	-
Sub-total	912,002	42.04	496,592	19.09

BASIC EDUCATION				
Ongoing Basic School Projects	20,000	1.07	80,000	3.08
New Basic School Projects	90,952	4.19	50,000	1.92
Construction of KG Classrooms	30,000	1.38	20,000	0.77
Textbooks	85,000	3.92	8,000	0.31
Furniture for Basic Schools	15,000	0.69	30,000	1.15
ICT in Early Childhood Education		-		
White Boards for Basic Schools	15,000	0.69	40,000	1.54
Laptops For Teachers		-	73,800	2.84
Fencing of Schools		-	-	-
Water and sanitation for Schools (Boreholes & Toilets)	1,000	0.05	1,000	0.04
Institutions of the Handicapped		-	3,000	0.11
Rehabilitation of Dilapidated Structures	10,000	0.46	20,000	0.77
Promotion of French	2,000	0.09	-	-
Special Programs to promote Girl Child Education and Maths/Science	1,500	0.07	-	-
Basic Education Contingencies including Communication		-		-
Sub-total	270,452	12.61	325,800	12.53
OTHERS				
MOE and Subvented Agencies	10,000	0.46	30,000	1.15
Scholarship Secretariat	3,000	0.14	7,000	0.27
Construction of GETFund Office Building	20,000	0.92	17,000	0.65
GETFund Operational and Monitoring Costs	57,544	2.65	55,067	2.12
Youth Employment Agency	55,000	2.54	32,000	1.23
Investment	-	-	6,502	0.25
Contingencies	2,000	0.09	3,500	0.14
Sub-total	147,544	6.80	151,069	5.81
MEMBERS OF PARLIAMENT				
MPs Emergency Projects	27,500	1.27	27,500	1.06
MPs Monitoring	12,375	0.57	12,375	0.47
Sub-total	39,875	1.84	39,875	1.53
GRAND TOTAL	2,169,563	100	2,600,802	100

FUNDING GAP	(300,000)
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