Fiscal tracking is a way of ensuring accountability for the use of funds in the public sector. It entails mapping out the use of funds from their source to their end-use. An example of fiscal tracking in the education sector in Namibia can illustrate this: funds would be tracked as they move from the Ministry of Finance (MoF) to the Ministry of Education, Arts and Culture (MoEAC) in Windhoek to the regional council, to a school in a region, and for a particular item in the school. So funds could be tracked as they reach Rundu in the Kavango East Region, move to a primary school in Katwitwi, and then transform into salaries paid, textbooks procured, trainings carried out, learners housed, and so on.

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**Introduction**

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**About this brief**

**This brief:**
- looks at the importance of fiscal tracking for the education sector
- gives an overview of three key fiscal tracking tools
- outlines the benefits of the National Education Accounts and the Public Expenditure Tracking Survey systems
- shows lessons Namibia can learn from other countries
- makes recommendations for how Namibia could implement the National Education Accounts and the Public Expenditure Tracking Survey systems.
Education is a core part of the work of government, the economy and society as a whole. Education is an important determinant of economic growth and equality or inequality. Investment in education is intended to lead to the socio-economic well-being of the population through reducing poverty and inequality, increasing incomes, and improving productivity and economic growth.

Namibia’s Fifth National Development Plan 2017/18–2021/22 highlights the importance of education in social and economic well-being. The plan calls for resources to be used equitably, including for the benefit of the country’s most marginalized and vulnerable communities.

Since independence in 1990, the Namibian government has allocated a significant percentage of the total budget to education, averaging approximately 23 per cent of the total budget. This is in line with international standards.

As the education sector takes up a significant amount of public funds, there need to be stringent accountability measures across the different regions and schools. Transparency and accountability also help to indicate whether the right funds are reaching the intended beneficiaries, or ‘end-users’. In the case of education, these are the learners. Close-up and detailed tracking of spending answers questions such as: How much money is spent on textbooks and other teaching and learning materials? How much money is spent on assistive technologies for children with special needs and disabilities? How much money is spent on information and communication technologies (ICT) to enhance learning? How much money is spent on pre-primary education? What is the average amount of money spent on each learner?

A well-designed fiscal tracking tool should be able to answer these questions.

It is important to note that there is also spending on education outside government. Households in particular spend significant amounts on a range of educational items other than tuition fees, such as uniforms, transport and stationery. These and other items are referred to as the ‘hidden costs’ of education. The data for this kind of expenditure also need to be tracked to provide a more comprehensive picture of overall spending in the sector.
A comparison of three budget analysis tools to track education spending can be made to establish which is the most suitable for Namibia. These are the Public Expenditure Review (PER), the National Education Accounts (NEAs) and the Public Expenditure Tracking Survey (PETS).

Namibia does not currently use the NEAs or PETS systems, and relies on receiving financial reports from the 14 education regions through the regional councils.

The Public Expenditure Review
The PER tracks financial resources in the education system by focusing on public resources. However, it does not give a complete picture of the financing of education in a country. This is because it does not collect education finance data from other stakeholders and role-players such as development partners, non-governmental organizations (NGOs), local authorities, households and private parties. Nor does the PER provide a systematic methodology for assessing financial flows in the education system. This means that education finance data obtained through the PER are not easily comparable over time and across countries.

National Education Accounts
NEAs are a comprehensive accounting framework for analysing the flow of funds in the education system from their origin to their end use. Unlike the PER, NEAs include all role-players and stakeholders, such as the government, development partners, NGOs, local authorities, households and other private parties. Again, unlike PERs, NEAs are based on internationally standardized methodologies, such as the Systems of National Accounts (SNAs), Government Financial Statistics (GFS) and the International Standard Classification of Education (ISCED). These internationally standardized methodologies allow for comparisons over time and across countries.

The Public Expenditure Tracking Survey
The PETS tracks how resources flow through government bodies to identify what portion of the originally allocated public funds reach their intended destinations. Policy-level decision-makers will often rely on official or administrative data, which are often not accurate. The PETS collects parallel data to identify leakage and human resource deployment errors, and shows where funds are being absorbed. The PETS collects data from a range of sources and involves the cross-validation of data. In the education sector, data are collected at several levels, from schools to regional offices and the central education ministry, and from the government’s financial data.

NEAs and PETS best for Namibia
Because of their comprehensive methodology, comparability over time and across countries, and the detailed analysis of all sources and the use of education funds, the PETS and NEAs are preferable for a country like Namibia. Also, the implementation of NEAs helps to institutionalize the collection and analysis of education finance data. Using PETS also ensures that the lack of timely data and inconsistencies in administrative data and/or data sets do not hinder the analysis process.

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NEAs are a comprehensive framework for the collection, processing and analysis of education finance data. As education finance data produced from NEAs give a complete picture of education financing across an entire economy, NEAs can contribute to effective evidence-based policy-making.

Similarly, the PETS examines the multiple levels of the sector and tracks the flow of resources within the system. The PETS allows for the observation of outputs and actions of service providers, which is invaluable in a ministry of the size and scope of the MoEAC. The PETS can be used as a tool for diagnosis, analysis and impact evaluation.

This kind of analysis can also show how much and on what education services households, NGOs and development partners spend their funds.

Detailed data breakdowns that can help to inform policy

Detailed data breakdowns are important for policy purposes. An example is the school feeding scheme, which is currently funded by the Namibian government and the World Food Programme. The implementation of the PETS and/or NEAs would allow for improved planning, such as how the gap would be filled if the World Food Programme stopped funding the scheme. Another important area about which very little is known is early childhood development. The implementation of the PETS and/or NEAs would provide more information on spending on early childhood development, especially by households, NGOs, development partners and local authorities.

The level of financial burden placed on households in education spending

It is known that in 2015, for example, Namibian households spent 3.8 per cent of the country’s gross domestic product on education, compared to government spending of 9.3 per cent in the same year. But this spending by households is not disaggregated to provide a more useful picture. On the other hand, NEAs are able to show more accurately how much households spend on specific items such as stationery, transport, uniforms, food and hostels. Knowing what households spend on these hidden costs gives an idea of the levels of financial burden placed on them.
The benefits of National Education Accounts and Public Expenditure Tracking Surveys (cont.)

**Diagnosis and analysis of problems in service provision**

PETS can be used to reveal weaknesses in the resource spending system, and then conduct further analysis on why this is the case. The PETS commonly identifies fund leakage or provider absenteeism. If, for example, schools are supposed to be supplying textbooks, but the provision is not taking place, or not in sufficient qualities, the PETS can be used to highlight this error and to identify the place in the resource flow where these errors are occurring. Similarly, the PETS can be used to identify the prevalence of ‘ghost teachers’.

**The extent to which private education is subsidized**

Even though private schools in Namibia are subsidized for payroll and operational costs, the use of these funds is rarely known to the public, who contribute to education funds through the payment of taxes such as income tax and value added tax. The implementation of NEAs can enhance accountability on the use of these subsidies, particularly operational subsidies.

**Comparability over time**

Comparability over time is critical for assessing the effect of policies on the education system, including the sustainability of universal primary and secondary education. The trends that are produced from regular NEAs can help to assess the effect of changes in the financing policies on the education system. Currently, there is no database of expenditure on education in Namibia, even though several PERs for the education sector were carried out in the past.

**Cross-country comparisons**

Another advantage of NEAs is that they are comparable across countries because of the internationally standardized methodology they use. They are also flexible enough to allow for country-specific data to be analysed.

**Comparability with other tools**

Both NEAs and PETS are easily used in conjunction with other spending tracking tools, and a range of monitoring tools and data sets. Quantitative service delivery surveys, which are conducted to assess the quality of service being provided (in this case, education) at the level of community service provision (in this case the school), can be used to enrich and validate the findings of the NEAs or PETS. The PETS can also be used as part of broader public expenditure reviews.
Lessons Namibia can learn from other countries

Comparisons with other countries that have implemented NEAs show that:

■ NEAs give a more complete picture of education financing
■ Households are a major contributor to education financing and spend on a range of items
■ A number of countries have implemented NEAs. These include Côte d’Ivoire, Guinea, Nepal, Uganda, Vietnam and Zimbabwe.

NEAs give a complete picture of education financing

Analyses of these countries show that before the implementation of NEAs, total expenditure on education as a percentage of gross domestic product had been understated. This is important both for international comparisons and for assessing whether the government budget for education is adequate. The World Bank estimated that Namibia spent 8 per cent of gross domestic product on education in 2010 (the latest figure available). However, this is both outdated and probably understated, as the calculations did not include data on how much is spent on education by NGOs, private entities and local authorities, and perhaps regional councils.

Households are major contributors to education funding

The analysis of education financing in Côte d’Ivoire, Nepal, Uganda and Vietnam through the methodology of the NEA showed that households are major contributors to education funding, but are often forgotten. A PETS conducted in Peru was used to identify expenditure and in-kind resource commitment to schools from non-public organizations, as well as public organizations not falling under the education ministry. This included donations from NGOs as well as from parent associations and individuals. The survey found that the system relied on these non-government players to make up for the inadequate and uneven supply of goods and services to Peruvian schools. It also helped to highlight the burden on households.

Household spending on education ranged between 24 per cent in Vietnam to 49 per cent in Nepal. In Namibia, such figures are rarely known. Although the National Statistics Agency collects and analyses data on household expenditure, the collection and analysis is not detailed enough for the purpose of the education sector. For example, it is not known how much households spend on school uniforms, hostels, or in-kind contribution, or on transport to and from school. Nor is it known how much households spend on early childhood development, or on private colleges (especially for Grades 10 and 12, where repeaters are not allowed to return to public schools and have to be privately educated if they want to continue).

Households spend on a range of educational items

Detailed analyses of household expenditure in Côte d’Ivoire, Nepal, Uganda and Vietnam showed that households spend money not only on tuition fees, but also on teaching materials, school uniforms and other clothing, and private classes.
Recommendations

Develop a fiscal tracking system that will give a holistic picture of financing education in the country. Such a system will enable an assessment of the education financing burden placed on households. Continuous monitoring of this burden is important in achieving universal primary and secondary education, as household conditions often affect education outcomes.

Consider adopting the NEA system of fiscal tracking because it allows detailed education expenditures to be tracked. Namibia can learn more from countries that have been using this system successfully.

Develop a system to track household expenditure, as well as contributions from donors and development partners. This could then be detailed in the NEAs.

Consider undertaking a PETS over the next three to five years to monitor the impact of PER recommendations implemented and to identify inefficiencies in the system.

Create a detailed database of education financial flows from the previous PERs to allow comparisons over time. This will help in assessing policy changes and their impact on the education system.

Regularly update education finance data to monitor the MoEAC’s progress in improving access to inclusive and equitable education.

To learn more about the Namibia Public Expenditure Review, please go to https://www.unicef.org/namibia/resources_13836.html