GHANA CASE STUDY

OIL REVENUES AND TAX FOR EDUCATION IN GHANA

Ghana has consistently shown strong commitment to funding education. Public spending on education is approximately 6 percent of Ghana’s gross domestic product (Darvas and Balwanz, 2014) and reflects a high budget priority for the sector. In terms of allocation to education sub-sectors in Ghana, whilst Primary Education receives the largest allocation, it covers mainly compensation and assets. The low levels of financing for educational goods and services, such as teaching and learning materials account for the poor educational deliveries particularly at the basic education level. At the same level, another key challenge to education financing is the fact that there are inequitable allocations and spending across regional and poverty profiled locations, in terms of under funding and under resourcing of teachers and other inputs for teaching and learning.
1 CONTEXT

Ghana has consistently shown strong commitment to funding education. Public spending on education is approximately 6 percent of Ghana’s gross domestic product.

The extractive industry has been a very important sector to the economy of Ghana. In 2012, the mining sector alone contributed 6% of Ghana’s Gross Domestic Product (27% of total tax), an amount adequate to finance education, by UNESCO benchmark. In 2013 the ‘Oil for Food and Education Campaign, a joint initiative of three international organizations, including OXFAM, succeeded in influenced government’s re-prioritization of oil revenue spending to reflect investments within education. In the 2015 national budget the allocation to education was thus increased to $98,275,504 from the previous $46 million. Whilst this is a positive demonstration of the government’s commitment to investing oil funds in social sectors, Oxfam considered it as only the first step. Public finance management in Ghana is characterized by disbursements and expenditures not following allocations. This has had implications for the quality of public service delivery and underscores the importance of Civil Society accompaniment of the budget cycle, monitoring disbursement levels, as well as utilization of funds and providing real time assessment and information to influence government compliance with its own budget commitments during period of implementation.

2 EDUCATION INTERVENTIONS

Based on the positive experience of working through a cluster model where different types of partner organisations jointly pursue common objectives, Oxfam IBIS in Ghana in 2015 supported an advocacy project with two partners, who had not previously worked together: African Centre for Energy Policy (ACEP) – a think tank and research institution and Northern Network for Education Development (NNED) – a local/regional advocacy group specialised in education.

The cluster-based approach leveraged complementarity of partners’ competencies, where ACEP offered its expertise in the extractives and NNED, its expertise in education. Furthermore, based on their geographical presence, a vertical synergy was achieved with evidence gathering from the local level feeding directly into advocacy and lobbying at the national level facilitated by ACEP – and after project completion into regional level by The Africa Network Campaign on Education For All (ANCEFA).

The aim of the project was to use evidence-based advocacy to enhance budget allocation to the education sector financed by state oil revenues by examining oil revenue allocation and disbursement to the education sector
in 2015, and influencing of the 2016 education sector budget. On one level, Oxfam and partners looked forward, in terms of monitoring implementation of the current 2015 budget using evidence from quarterly analysis and updates of disbursements to influence decisions within the lifespan of the fiscal year. On another level, retrospective analysis of the 2014 expenditure and value for money audits of selected projects was carried out to establish efficiency and effectiveness in the utilization of funds and impacts of projects on communities and delivery of quality basic education.

Through budget research for advocacy budget information was collected and analyzed to establish evidence of a link between the budget, actual disbursements, expenditure and their contribution towards education delivery on the ground. The evidence arising from this work was used to inform citizens and mobilize them to engage and influence increased allocations to education in the 2016 fiscal budget on one level, and influence disbursement and efficiency of expenditures on another level.

The outputs from the budget research also formed the basis for a number of open and closed policy engagements with the Ministry of Finance, Ministry of Education and Parliament towards deliberating on findings and seeking their commitment to adopt some recommendations for both the 2015 budget year and the 2016 budget preparations. This influencing strategy proved successful in terms of 1) A considerable increase in disbursement of allocated funds to education from 11.6% in 2014 to 45.4% in 2015 and; 2) Increased transparency with Petroleum Receipt and Utilization reporting through the accompaniment of expenditure per project and location.

3 LESSONS LEARNED AND FUTURE CHALLENGES

Main lessons learned:

✓ The cluster-based approach adopted for the pilot project has been optimal in different ways and should be encouraged for such advocacy processes and policy influencing work

✓ Oxfam added value by playing a coordinating role and creating synergy between partners and facilitating the combination of complementary competences of the partners and their mutual learning

✓ Vertical synergy was achieved from the partners operating at different levels. However, there is need to define a clearer strategy for securing national-regional-global linkages in policy influencing work
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