



Education

Financing education in Africa

Enoch Randy Aikins and Jakkie Cilliers

Last updated 06 June 2024 using IFs 7.84

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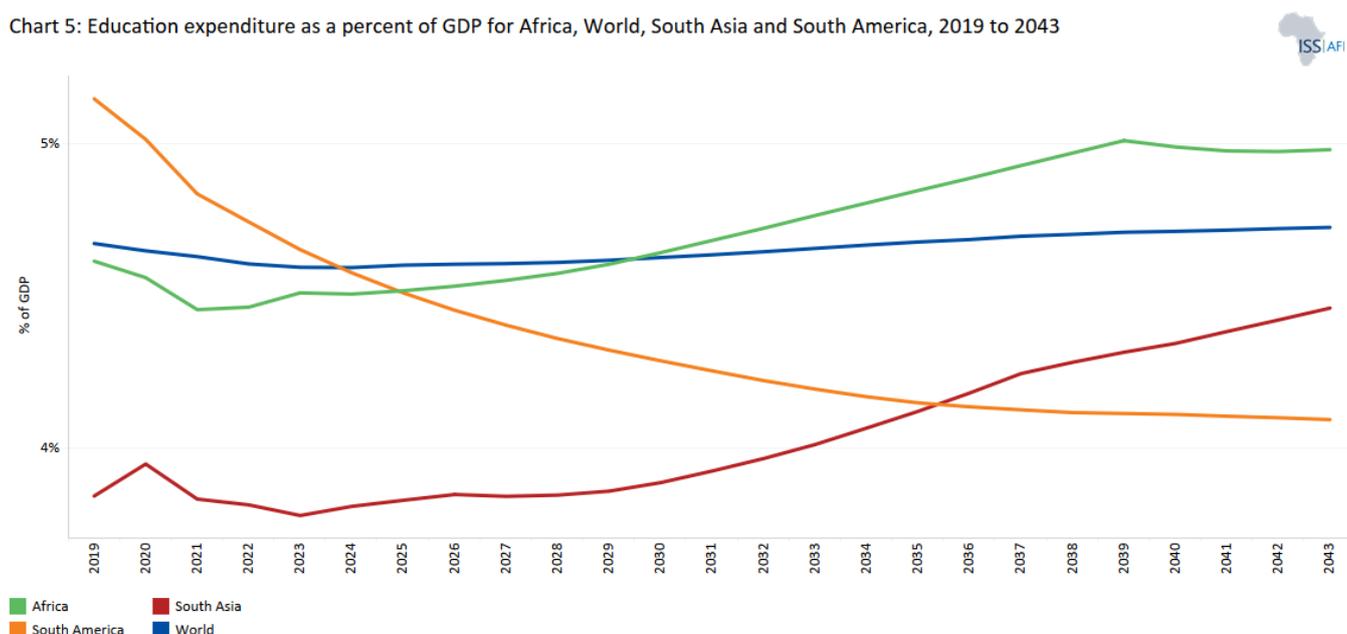
Spending on education remains one of the most significant public expenditures in Africa. Conventionally, education all over the world is financed mainly by the government although there has been increased privatisation over the years. The African Union's Dakar Framework for Action: Education for All enjoins member countries to allocate at least 20% of their national budgets to education. In reality though, most African countries spend above this target averaging almost 25% of national budgets on education.

Government spending priorities on education differs. With the limited revenue and competing priorities, governments have to decide whether to invest in expanding access vis-à-vis improving quality. Beyond these, choosing between building more schools and providing textbooks compared with raising teacher salaries are also hard choices that policymakers face.

In many African countries, government funding is complemented by donor support in the form of aid. Between 2002 and 2015, donor support for education ranged from 0.86% of GDP to 0.45% of GDP. Beyond this, there are also local councils and parent-teacher associations that provide support for funding public schools. Households in Africa spend 4.2% of their annual total expenditure on education. In addition, almost 30% of national expenditure on education is provided by households.

Chart 5 illustrates education expenditure as a per cent of GDP for Africa, World, South Asia and South America. In 2019, total education expenditure in Africa amounted to US\$131.7 billion, equivalent to 4.6% of GDP. At this rate, Africa's expenditure on education is higher than the average for the world except for Africa (4.6% of GDP) and South Asia (3.8% of GDP) but below that of South America (5.1% of GDP). On the Current Path, Africa's total expenditure on education is projected to reach 5% of GDP by 2043. At the regional level, Southern Africa has the highest expenditure on education estimated at 5.6% of GDP, followed by North Africa at 5% of GDP. Central and West Africa have the least expenditure on education on the continent at 3.1% and 3.7% of GDP, respectively. At the country level, education expenditure ranges from 10.5% of GDP in Botswana to 1.8% of GDP in South Sudan. These variations can be explained by the fact that the level of development in the country or region strongly influences its budget for education. Typically, wealthy countries spend more on education than poor countries.

Chart 5: Education expenditure as a percent of GDP for Africa, World, South Asia and South America, 2019 to 2043



Source: IFs 7.84 initialising from UNESCO UIS and World Bank WDI data

A large proportion of the 44% of total expenditure on education in Africa is spent on primary level, 22.6% on tertiary level and the remainder on lower and upper secondary. The high expenditure on primary level education reflects the high enrolment rates at that level compared to other levels. On the other hand, although there are relatively fewer students at the tertiary level, the cost of training a child at the tertiary level is significantly higher than at other levels, especially for science, technology, engineering and mathematics (STEM) courses, accounting for the enormous expenditure at that level. Generally, as students move through the educational funnel, it becomes more expensive to educate them. In 2019, the average amount spent on tertiary students was US\$1 775. This is almost three times what was spent on upper secondary students, 4.4 times the cost of educating a child at the lower secondary and 6.5 times more than it cost to educate a primary student. Indeed, it is estimated that most sub-Saharan African countries spend over ten times more on their university students than they do on their primary students.

There are significant variations in expenditure per student across the continent. While Southern Africa spent US\$3 079 per tertiary student in 2019, West Africa spent only US\$648 at the same level. Southern Africa has the highest per-student expenditure at all levels of education, with upper secondary being the only exception. In the case of upper secondary, North Africa has the highest expenditure per student.

Despite the high education expenditure, it is still inadequate to meet the needs of the continent. In recent times, the rise of free secondary education on the continent, in particular in sub-Saharan Africa, has increased the funding needs of most countries. Countries such as Ghana, Kenya, Uganda and Tanzania all offer free secondary education, which is affecting their budget for education.

At the same time, as African governments require greater funding needs, diverse sources of funding are set to decline. International assistance and donor support towards funding education have been decreasing. Aid for education in 2022 declined by US\$2 billion, meaning that African governments have had to finance more of their education budgets from domestic resources.

The COVID-19 pandemic also posed a significant challenge to financing education globally. The financing gap needed to meet SDG 4 has increased by almost one-third since the pandemic. In its 2020 Global Education Monitoring Report, UNESCO estimated a shortage of about 33.3% of annual funding required to meet SDG 4 on education. There is also high inequality in allocation and spending on education. Most public schools, especially in rural areas, have poor infrastructure, are underfunded and also understaffed. It is estimated that children from wealthy families benefit as much as 12 times more than their counterparts from poorer households.

Furthermore, there is also the issue of efficiency in expenditure. Generally, greater educational funding is expected to lead to improved educational quality and performance through its effect on increased, better infrastructure and teaching and learning materials. Thus, investment in education is critical to providing quality education and expanding access to all citizens. However, this impact is not automatic and requires efficiency in expenditure. It is estimated that efficient use of education funds can raise primary completion rates by 42% and those of secondary by 41%.

In the case of Africa, research has shown that high expenditure does not always translate into improved educational performance.^[1] The disconnect between education funding and education performance on the continent can be attributed to inefficiency in spending. Although Africa has the second highest spender on education after the EU, its spending on education is the least efficient globally and 20 percentage points below the last but one Latin America. In most African countries, the majority of the education budget is spent on recurrent expenditures such as salaries, barely leaving room for other essential capital expenditures and learning materials that have a direct bearing on learning outcomes. As a matter of fact, in some African countries, almost all the monies allocated to the education sector is spent on salaries.

Endnotes

1. See Hanushek (2006)

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Cite this research

Enoch Randy Aikins and Jakkie Cilliers (2025) Education. Published online at futures.issafrica.org. Retrieved from <https://futures.issafrica.org/thematic/06-education/> [Online Resource] Updated 06 June 2024.

About the authors

Mr Enoch Randy Aikins joined the AFI in May 2021 as a Researcher. Before that, Enoch was a research and programmes officer at the Institute for Democratic Governance in Accra in charge of local governance reforms, poverty and inequality and public sector reforms. He also worked as a research assistant (economic division) with the Institute for Statistical Social and Economic Research at the University of Ghana. Enoch's interests include African politics and governance, economic development, public sector reform, poverty and inequality. Enoch is a Young African Fellow at the School of Transnational Governance, European University Institute in Florence and has an MPhil in economics from the University of Ghana, Legon.

Dr Jakkie Cilliers is the ISS's founder and former executive director. He currently serves as chair of the ISS Board of Trustees, head of the African Futures and Innovation (AFI) programme at the Pretoria office of the Institute, and is an extraordinary professor at the University of Pretoria. His 2017 best-seller *Fate of the Nation* addresses South Africa's futures from political, economic and social perspectives. His three most recent books, *Africa First! Igniting a Growth Revolution* (March 2020), *The Future of Africa: Challenges and Opportunities* (April 2021), and *Africa Tomorrow: Pathways to Prosperity* (June 2022) take a rigorous look at the continent as a whole.

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